

## NOMINATIONS.

*Executive nominations received by the Senate July 11 (legislative day of April 20), 1922.*

## UNITED STATES JUDGE.

James H. Wilkerson, of Illinois, to be United States district judge, northern district of Illinois, vice Kenesaw M. Landis, resigned.

## APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

## ORDNANCE DEPARTMENT.

Capt. Clarence Francis Hofstetter, Coast Artillery Corps, with rank from July 1, 1920.

## SIGNAL CORPS.

Capt. Joshua Ashley Stansell, Cavalry, with rank from September 21, 1920.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate July 11 (legislative day of April 20), 1922.*

## UNITED STATES PUBLIC HEALTH SERVICE.

Ralph E. Porter to be passed assistant surgeon.  
Joseph W. Mountain to be passed assistant surgeon.

## POSTMASTERS.

## CALIFORNIA.

Earl B. Birmingham, Hilts.

## MAINE.

Roger S. McGown, Carmel.  
Byron E. Lindsay, Kingman.  
Carroll M. Richardson, Westbrook.

## MASSACHUSETTS.

Edward L. Diamond, Easthampton.  
Edgar T. Brickett, North Cohasset.

## MONTANA.

Orson B. Prickett, Billings.

## NEW YORK.

Robert A. Lundy, Ray Brook.

## PENNSYLVANIA.

Harry A. Borland, Indiana.  
Samuel E. Crawford, Petrolia.

## TEXAS.

Robert A. Jackson, Chillicothe.

## SENATE.

WEDNESDAY, July 12, 1922.

(Legislative day of Thursday, April 20, 1922.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

## NATIONAL MONUMENT IN RIVERSIDE COUNTY, CALIF.

Mr. JOHNSON. Mr. President, I ask unanimous consent for the present consideration of the bill (H. R. 7598) authorizing the Secretary of the Interior to dedicate and set apart as a national monument certain lands in Riverside County, Calif. The monument is desired in order to preserve what are probably the only remaining large groves of natural wild Washington palms in the United States. Three adjoining canyons, Palm, Murray, and Andreas, each containing an extensive grove of these desert palms, are embraced within the area of the proposed monument. Many other specimens of desert flora of major scientific interest are also to be found there.

The bill has the approval of the Department of the Interior, including the Bureau of Indian Affairs. It safeguards the Indians and it costs the Government nothing at all.

Mr. SMOOT. I suggest that perhaps this may be a good time to pass several bills, as there is not a Democratic Senator in the Chamber.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill named by the Senator from California?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior be, and he is hereby, authorized to set apart upon the following-described lands located in the county of Riverside, in the State of California, as a national monument, which shall be under the exclusive control of the Secretary of the Interior, who shall administer and protect the same

under the provisions of the act of Congress approved June 8, 1906, entitled "An act for the preservation of American antiquities," and under such regulations as he may prescribe: The west half of the southwest quarter of section 2, the southeast quarter of section 3, all of section 10, the west half of the northwest quarter of section 11, all of section 14, all in township 5 south, range 4 east, San Bernardino base and meridian, containing 1,600 acres: *Provided*, That before such reservation and dedication as herein authorized shall become effective the consent and relinquishment of the Agua Caliente Band of Indians shall first be obtained, covering its right, title, and interest in and to the lands herein described, and payment therefor to the members of said band on a per capita basis, at a price to be agreed upon, when there shall be donated for such purposes to the Secretary of the Interior a fund in an amount to be fixed and determined by him as sufficient to compensate the Indians therefor.

SEC. 2. That in order to determine the amount to be paid under the preceding section the Secretary of the Interior is authorized and directed to negotiate with said Indians to obtain their consent and relinquishment, and when such consent and relinquishment has been obtained and an agreement reached the Secretary of the Interior is further authorized to make payment from said donated fund for the lands relinquished to the enrolled members of the said Agua Caliente Band as authorized by section 1 of this act: *Provided*, That the consent and relinquishment of the Indians may be obtained and payment made for the lands in such manner as the Secretary of the Interior may deem advisable: *Provided further*, That the water rights, dam, pipe lines, canals and irrigation structures located in sections 2 and 3 of township 5 south, range 4 east, San Bernardino meridian, and also all water and water rights in Palm Canyon, are hereby excepted from this reserve and shall remain under the exclusive control and supervision of the Bureau of Indian Affairs.

SEC. 3. That the provisions of the act of Congress approved June 10, 1920, known as the Federal water power act, shall not apply to this monument.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

## PETITIONS.

Mr. WARREN presented resolutions adopted by the directors of the National Farm Loan Associations of Cokeville and Cody, both in the State of Wyoming, favoring amendment of the Federal farm loan act increasing the loan limit from \$10,000 to \$25,000, so that actual farmers operating a standard farm unit may enjoy the benefits of the farm-loan system and that they may borrow money through the said system at the lowest possible net cost, not higher than 5 per cent, etc., which were referred to the Committee on Banking and Currency.

Mr. LADD presented resolutions adopted at a session of the North Dakota Federation of Nonpartisan Clubs, at Bismarck, N. Dak., favoring the passage of Senate bill 2604, the so-called Ladd honest money bill, which were referred to the Committee on Banking and Currency.

Mr. SPENCER presented resolutions adopted at a mass meeting of citizens at Herculaneum, Mo., favoring the granting of relief and protection to the suffering peoples of Armenia, which were referred to the Committee on Foreign Relations.

Mr. CAPPER presented resolutions adopted by the Chamber of Commerce of Abilene, Kans., favoring full enforcement of the decree of the United States Supreme Court ordering the divorcement of the Central Pacific Railway from the Southern Pacific Co., etc., which were referred to the Committee on Interstate Commerce.

Mr. ROBINSON presented a telegram in the nature of a petition from the Nashville (Ark.) Chamber of Commerce, praying for Government protection of mails and trains in interstate commerce during the present railroad strike, which was referred to the Committee on Interstate Commerce.

## PHILADELPHIA SESQUICENTENNIAL EXHIBITION.

Mr. LODGE, from the Committee on Foreign Relations, to which was referred the joint resolution (H. J. Res. 170) to approve the holding of a national and international exhibition in the city of Philadelphia in 1926 upon the Fairmount Park and parkway site selected by the Sesquicentennial Exhibition Association, and lands contiguous thereto that may be acquired for that purpose, as an appropriate celebration of the one hundred and fiftieth anniversary of the signing of the Declaration of Independence, reported it without amendment.

## FRAUDULENT USE OF THE MAILS.

Mr. TOWNSEND. I ask unanimous consent that the Committee on Post Offices and Post Roads be discharged from the further consideration of the bill (S. 1973) to amend section 213, act of March 4, 1909 (Criminal Code), affixing penalties for use of mails in connection with fraudulent devices and lottery paraphernalia; the bill (S. 1974) to amend section 215, act of March 4, 1909 (Criminal Code), penalizing fraudulent use of the mails; and the bill (S. 1975) to amend section 3929, Revised Statutes, relating to exclusion of fraudulent devices and lottery paraphernalia from the mails, and that these bills be referred to the Committee on the Judiciary. They properly belong to that committee.

The PRESIDENT pro tempore. Without objection, that change of reference will be made.

## BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LADD:

A bill (S. 3814) to provide for an emergency tariff to be levied on all linseed oil coming into the United States from foreign countries, and for other purposes; to the Committee on Finance.

By Mr. FLETCHER:

A bill (S. 3815) granting a pension to Michael Yallowich; to the Committee on Pensions.

By Mr. WALSH of Montana:

A bill (S. 3816) granting an increase of pension to William Cowan (with accompanying papers); to the Committee on Pensions.

By Mr. PHIPPS:

A joint resolution (S. J. Res. 223) authorizing the Federal Reserve Bank of Kansas City to enter into contracts for the erection of a building for its branch office at Denver, Colo.; to the Committee on Banking and Currency.

## AMENDMENT TO RIVER AND HARBOR BILL.

Mr. FLETCHER submitted the following amendment intended to be proposed by him to the bill (H. R. 10766) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was ordered to lie on the table and to be printed:

On page 20, line 9, strike out the word "Palatka" and insert in lieu thereof "Sanford."

## PROTECTION OF MIGRATORY BIRDS.

Mr. ROBINSON submitted an amendment intended to be proposed by him to the bill (S. 1452) providing for establishing shooting grounds for the public, for establishing game refuges and breeding grounds, for protecting migratory birds, and requiring a Federal license to hunt them, which was referred to the Committee on Military Affairs and ordered to be printed.

## THE TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes.

Mr. McCUMBER. I ask that the Senate proceed to the consideration of paragraph 776, page 114.

Mr. SIMMONS. Mr. President, I make the point of no quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Ernst	McKinley	Robinson
Ball	Fernald	McLean	Sheppard
Borah	France	McNary	Simmons
Brandeggee	Gooding	Moses	Smoot
Bursum	Hale	Nelson	Spencer
Calder	Harris	New	Sterling
Cameron	Harrison	Newberry	Townsend
Capper	Johnson	Nicholson	Trammell
Coit	Jones, N. Mex.	Norbeck	Wadsworth
Culberson	Jones, Wash.	Oddie	Walsh, Mass.
Cummins	Kellogg	Overman	Walsh, Mont.
Curtis	Kendrick	Pepper	Warren
Dial	Ladd	Phipps	Watson, Ind.
du Pont	Lodge	Ransdell	Willis
Edge	McCumber	Rawson	

Mr. HARRISON. I wish to announce that the Senator from Nevada [Mr. PITTMAN] is detained on account of illness in his family. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Fifty-nine Senators have answered to their names. A quorum is present.

Mr. McCUMBER. In paragraph 776 I ask the Senate to disagree to the committee amendment beginning in line 17 on page 114 and ending in line 20 with the words "per pound."

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. On page 114, lines 17 and 18, the committee proposes to strike out "17½ per cent ad valorem, but not less than 2 cents per pound," and insert "valued at 20 cents per pound or less, 1 cent per pound; valued at more than 20 cents per pound, 2 cents per pound," so as to read:

Chocolate and cocoa, sweetened or unsweetened, powdered or otherwise prepared, valued at 20 cents per pound or less, 1 cent per pound; valued at more than 20 cents per pound, 2 cents per pound.

Mr. WALSH of Massachusetts. Mr. President, will the Senator state what substitute he intends to offer for the amendment he requests be disagreed to?

Mr. McCUMBER. After the amendment is disagreed to, I desire to substitute 25 per cent ad valorem in line 17 and also to strike out 30 per cent ad valorem in line 21 and insert 25 per cent ad valorem, so that it places them all on a 25 per cent ad valorem basis.

Mr. WALSH of Massachusetts. All that I care to say upon the substitute amendments to be offered to this paragraph is that they are probably urged because of the high duty fixed upon cacao butter. The duty fixed upon cacao butter is considerable of an increase over previous and existing law, and in order to make the duty upon chocolate and cocoa have some relationship to the duty upon cacao butter, which is a by-product, I assume the committee now are seeking to increase the rates upon cocoa and chocolate. I think the rate upon cacao butter is altogether too high and it should be reduced so that the House rate upon chocolate and cocoa can remain.

The manufacture of chocolate and cocoa is an extensive American industry. There are some importations of a certain quality of cocoa from Holland. Evidently at the outset the committee did not feel and believe that it was necessary to increase the duties heretofore existing, because they actually lowered the rates; but they did increase the rate upon cacao butter and that very naturally brought a protest from the manufacturers of chocolate and cocoa; but instead of reducing the rate upon cacao butter the committee have retained the high rate upon cacao butter and now ask to increase the rate upon chocolate and cocoa.

The PRESIDENT pro tempore. The question is upon agreeing to the committee amendment.

Mr. STERLING. Mr. President, let us understand the situation. What is now proposed, I understand, is a disagreement to the committee amendment as printed in the bill.

Mr. McCUMBER. It is.

Mr. STERLING. With the intention on the part of the committee to move another amendment?

Mr. McCUMBER. That is true.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment of the committee.

The amendment was rejected.

Mr. McCUMBER. The next amendment is, in line 17, to strike out "17½" and insert in lieu thereof "25."

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. On page 114, line 17, it is proposed to strike out "17½" and insert "25," so as to read:

Chocolate and cocoa, sweetened or unsweetened, powdered or otherwise prepared, 25 per cent ad valorem, but not less than 2 cents per pound.

Mr. STERLING. Mr. President, I wish to be heard briefly upon this question. I hope the committee amendment to the House provision will not prevail. I am particularly interested in the first two items, chocolate and cocoa, sweetened or unsweetened. I am not so immediately concerned in the rates relating to cacao butter as provided for in the bill and as provided for in the amendment now proposed by the Senator from North Dakota.

Mr. President, I see no good reason for an increase of the rate on chocolate and cocoa over that provided for in the House bill; indeed, I think the House rate is higher than is necessary. I see, on the other hand, several good reasons why the Senate committee amendment should not prevail.

Here are articles, chocolate and cocoa, which are of almost universal use; they are used in every household in the land; they are recommended by physicians and dietitians for the sick, for their health-giving and health-restoring qualities; and it ought to appear reasonably necessary for the protection of a home industry in order that we impose any high tariff duty upon the importation of these articles. I think the report of the Tariff Commission on the subject is very significant. I call attention first to the language of the House provision in paragraph 776, which provides:

PAR. 776. Chocolate and cocoa, sweetened or unsweetened, powdered or otherwise prepared, 17½ per cent ad valorem, but not less than 2 cents per pound; cacao butter, 3½ cents per pound.

And in this connection I call attention to the rate provided for in the act of 1913, being the present law, and to refer to the condition of the domestic industry, the increase in the number of chocolate and cocoa manufacturing plants in this country, and the quantity and value of the product in this country under the Underwood tariff law. I quote the provision of that law:

PAR. 231. Unsweetened chocolate and cocoa, prepared or manufactured, not specially provided for in this section, 8 per cent ad valorem.

So the proposition now is to increase the rate to more than three times its present amount by making it 25 per cent ad



valorem instead of 8 per cent ad valorem, as provided for in the present law—this on unsweetened chocolate.

In this connection let us look at the production and see whether, in view of the production in this country, there is any necessity for an increase in the rate. Mind, Mr. President, I am not contending for the Underwood law rate now, but I am contending for the House rate rather than the rate under the Underwood law, the House rate being 17½ per cent ad valorem on both sweetened and unsweetened chocolate.

Mr. LODGE. Mr. President, may I ask the Senator from South Dakota a question?

Mr. STERLING. Yes.

Mr. LODGE. The Senator, as I understand, does not object to the House provision to the effect that the rate of duty shall not be less than 2 cents a pound for all grades?

Mr. STERLING. I am not objecting to that.

Mr. LODGE. The Senator is not trying to differentiate between the various grades?

Mr. STERLING. If the House provision may stand as it is written, I shall not object.

I quote now from page 806 of the Summary of Tariff Information:

Production: The output of the cocoa and chocolate industry increased about tenfold from 1895 to 1918. In 1914, 36 factories (exclusive of confectioners) had a capital of \$24,000,000 and a product valued at \$36,000,000. The industry is localized in the Eastern States. Four plants producing about half the domestic output. Automatic machinery is employed almost exclusively and raw materials constitute the principal item of cost. In 1917 the 29 largest factories reported the following production, which is substantially the total for this country.

I shall not take the time of the Senate to read the production of the different kinds of this product in 1917; but, proceeding, the report states:

In 1919 the total value of the products of the 48 establishments was \$139,000,000, divided as follows: Chocolate cakes, sweetened and unsweetened, \$51,000,000; chocolate liquor and coating, \$36,000,000; chocolate, including milk chocolate, \$12,000,000; cocoa, \$24,000,000; cacao butter, \$14,000,000; all other products, \$2,000,000.

That was the output in this country of the 48 establishments during the year 1919. What was the total value of the imports of chocolate of all kind, sweetened and unsweetened, cocoa, sweetened and unsweetened, and cacao butter in the year 1919?

It was only \$235,000—slightly over one-quarter of a million dollars—as against our domestic production of \$139,000,000.

Mr. President, I think we have from time to time recognized the principle in our tariff discussions here that where the volume of exports is tremendously large and far in excess of the imports brought into the country there is no great need for a high protective tariff. That principle has been announced again and again on the floor and on this side of the Chamber.

Mr. President, we do not import to exceed 1 per cent of the quantity consumed in this country, according to the figures.

There is another significant thing—

Mr. KELLOGG. Mr. President, will the Senator yield?

Mr. STERLING. I yield to the Senator from Minnesota.

Mr. KELLOGG. What is the rate for which the Senator is asking?

Mr. STERLING. I am asking for a restoration of the House rate, I will say to the Senator, which is 17½ per cent ad valorem.

Mr. WALSH of Massachusetts. Mr. President, will the Senator be kind enough to yield to me?

The PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from Massachusetts?

Mr. STERLING. I yield to the Senator.

Mr. WALSH of Massachusetts. I am very much in sympathy with what the Senator is saying. This whole difficulty, however, has arisen because of the increase in the rate on cacao butter. If the Senate committee will accept the House duty levied on cacao butter, we could accept the House duty upon chocolate and cocoa, and everybody, so far as I know, would be satisfied. The manufacturers are not asking for the increased duty on chocolate and cocoa except by reason of the increase in the rate on cacao butter, which they must use in the preparation of certain kinds of chocolate. If the cacao-butter rate is reduced, then all other rates in the paragraph can be reduced to the House level.

Let me further call the Senator's attention to the fact that the cacao-butter rate has been increased simply because there has been a sudden and rapid importation of cacao butter, due to the vogue of that very popular ice, known as Eskimo pie, in the making of which cacao butter is largely used. This demand may disappear in two or three months and never occur again.

I repeat that I fully sympathize with what the Senator is saying, but the basic trouble is that the cacao-butter rate is

too high and ought to be reduced to the House rate, and the House rates on cocoa and chocolate ought to be retained in this paragraph.

Mr. STERLING. I thank the Senator for what he has said as a contribution to this discussion. I agree with him that the rate proposed by the Senate committee upon cacao butter is too high, but I am more deeply concerned with the duty on chocolate and cocoa, because those commodities, rather than the cacao butter, come into general household use, and any proposed duty on these appeals to me more than does the rate prescribed for cacao butter.

Mr. McCUMBER. The Senator has been quoting some figures with reference to exportations. Does he know what the exportations have been for the last two months?

Mr. STERLING. I can pretty nearly tell the Senator what the exportations have been for the last four months, at any rate.

Mr. McCUMBER. The reason I ask as to the exportations for the last two months is that the committee is informed that all of the chocolate-producing countries have levied very heavy duties against the importation of chocolate, much heavier duties than ours.

Mr. STERLING. If the Senator will allow me, I will call attention to the figures a little later. I think I have some figures here upon that question. However, I wish now to call attention to this feature of the case: It is fundamental, Mr. President, in our tariff discussions that we desire a protective tariff for the purpose of protecting the labor interests of the country, so that the laboring man may have higher wages and as a consequence enjoy a higher standard of living. Comparatively little labor is employed in this industry, as appears from the statement in the Tariff Commission's report which I have already read, but to which I wish to call attention anew:

Automatic machinery is employed almost exclusively and raw materials constitute the principal item of cost.

So the importance of this increase can not be stressed because of the manner in which it will affect or benefit labor in this country.

Raw materials—

Says the report—

constitute the principal item of cost.

And upon the raw material there is not one cent of tariff; the cacao beans under the present law and under the bill we are now considering come in free of duty.

So, Mr. President, in view of the conditions, the fact that the proposed rate of duty will give no protection to American labor, and the further fact that the manufacturers of chocolate and cocoa are not compelled to pay any tariff at all on the raw material which they use, ought to be, it seems to me, determining factors in our consideration of this question.

Shall we, by the imposition of this high rate of duty—25 per cent ad valorem—give the manufacturers in this country, who have grown and developed and increased under a duty of 8 per cent ad valorem, the excuse to increase their prices of this necessary household article? I do not think we should. Nothing calls for it; the building up of an infant industry or the protection of such industry in this country does not call for it, and protection to American labor does not call for it.

Mr. President, the Senator from North Dakota asked me a moment ago about recent importations. A statement from the Department of Commerce shows the total imports of manufactured cocoa and chocolate, except confectionery, for 10 months ending April, 1922, were 1,632,396 pounds. We will keep in mind, I hope, that this is not a tariff imposed upon confectionery. Such a tariff duty is provided in another paragraph of this bill, namely, paragraph 506. We are now considering chocolate and cocoa, sweetened or unsweetened, and powdered cocoa, for which the purchaser pays 25 or 30 cents for each half-pound package. If it is chocolate it comes in the form of a cake, and if it is cocoa, powdered, it comes in a can, and according to the latest information from my grocer, the cakes are selling for 25 cents a half pound and the cans for 25 cents a half pound.

The same report shows the exports of manufactured cocoa and chocolate from the United States for January, February, March, and April, 1922, as follows:

January, 1922, cocoa, powdered, 1,183,599 pounds.

Mr. McCUMBER. The Senator is now referring to the exports?

Mr. STERLING. I am referring to the exports. I have given the figures as to imports, which were for the 10 months ending April, 1922, 1,632,396 pounds.

Mr. CALDER. Mr. President, will the Senator inform the Senate if that is cocoa, powdered, in those exports?

Mr. STERLING. These are imports of manufactured cocoa and chocolate, except confectionery.

Mr. CALDER. I am speaking of the exports.

Mr. STERLING. It is the same; it is cocoa, powdered, and chocolate, except confectionery.

Mr. CALDER. My information is that those exports are of cocoa, powdered, which is a by-product here in America.

Mr. STERLING. It is to a great extent a by-product, and that is only another reason against this proposed rate. Chocolate is itself to a great extent a by-product, the principal thing being, as stated by the Senator from Massachusetts a while ago, cacao butter; and the powdered cocoa and the chocolate, especially the cocoa, are to a great degree by-products of the manufacture of cacao butter. They produce it also in the manufacture of the butter.

In February our exports were 1,740,306 pounds of cocoa, powdered; of chocolate, 54,098 pounds.

For March our exports were 1,061,944 pounds of cocoa, powdered, and 56,592 pounds of chocolate.

For April our exports were 2,276,708 pounds of cocoa, powdered, and 48,027 pounds of chocolate.

Making a total, Mr. President, of exports for the four months of 6,510,124 pounds; and thus these figures show that in four months we exported four times more of chocolate and cocoa than we imported in 10 months.

Under circumstances like these, is there any need for a higher protective tariff than the House bill has provided? I think that is too high. I think 8 or 10 per cent ad valorem is high enough to protect every interest concerned.

Mr. McCUMBER. Mr. President, if the Senator will yield to me a moment—

Mr. STERLING. Yes.

Mr. McCUMBER. The export figures which I have do not at all agree with those that are being read by the Senator, if I have followed them rightly. The exports of cocoa and chocolate, prepared or manufactured, not including confectionery, for the full nine months ending in March, 1922, were only \$308,307 worth, and the exports of cocoa, powdered, were only \$168,420 worth, and the exports of chocolate, except confectionery, were only \$46,829, as shown by the monthly summary, and that takes in the nine months ending in March, 1922. That is only about half a million dollars' worth altogether.

Mr. STERLING. Mr. President, the Senator's figures surely are wrong. I read from the Department of Commerce statement. This is the authority for the figures I give. They show of imports for the first 10 months ending April, 1922, 1,632,396 pounds. They show of exports for the first four months of 1922, 6,510,124 pounds of cocoa, powdered, and chocolate, except confectionery.

Mr. McCUMBER. Mr. President, I think there must be some error in that statement, because here is the Monthly Summary of Foreign Commerce of March, under the head of "Exports of domestic merchandise by articles and principal countries," and it shows, as I have stated, that the exports of cocoa and chocolate, prepared or manufactured, not including confectionery, for the whole nine months preceding March, 1922, were only \$308,307 worth, and that the exports of cocoa, powdered, were \$168,420, and the exports of chocolate, except confectionery, were only \$46,829. That is not for a month, but for the full nine months. I do not suppose it makes a great deal of difference, as that is merely a matter of exports, and most of our exports would be, I think, to Cuba, where there is a differential in our favor.

Mr. STERLING. Mr. President, I reiterate my statement that the figures referred to and which I have quoted, showing imports and exports during these 4 months and these 10 months, are correct, and they come from that source which surely, of all others, ought to be informed, and, I think, is informed upon this subject of exports and imports of any particular product. So, Mr. President, considering the fact that the industry of making chocolate and cocoa in this country has developed as it has, increasing tenfold from 1895 to 1918, and that it is still increasing since 1918, as shown by the report of the Tariff Commission, when in 1919 they produced \$139,000,000 worth in this country and when during that same year there was imported into this country only \$235,000 worth, and when we consider that there is no claim here that labor is to be benefited by this increase; also that the industry itself does not need any further assistance by way of a protective tariff, and when, too, we consider the danger that the higher rates will be made the excuse for the manufacturers and the dealers to charge a high price, a more than reasonable price, for their product of chocolate and cocoa, used in every household in the country, I think we would be doing almost an absurd thing if we should increase this rate beyond what the House provided.

Mr. CALDER. Mr. President, as the figures quoted by the Senator from South Dakota indicate, the production of chocolate and cocoa in this country increased very largely between 1914 and 1919. This was caused by the fact that through the war the markets of the world were closed to Germany and Austria, large producers of chocolate and cocoa, and in a sense to Great Britain and Switzerland also. We therefore had the world market for the production of American chocolate and cocoa. These productions in America increased fourfold. Our manufacturers increased their plants. All over America we saw great chocolate and cocoa plants doubling and trebling and becoming even four and five times their former size, and the exports increasing by leaps and bounds.

Now, what has happened? With the war over, and these European countries returning to their former capacity, they have taken over again their markets in South America and in other places in the world where they formerly had the trade; and as far as these countries themselves are concerned—and this I would call to the attention of the Senator from South Dakota—all of these countries—Canada, Germany, France, and England—have put up a wall against us in the matter of chocolate and cocoa that prevents our sending any of our products to them. I am informed that Canada has placed a duty of 5 cents a pound against our chocolate, and that other countries have rates almost in the same proportion; so that we face a situation to-day whereby we may make this rate low enough, and I think the committee recommendation is low enough, to encourage importations here, when these markets of Europe are absolutely closed to us. They have taken the position that chocolate and cocoa are luxuries, and that upon these luxuries they can afford to levy a very heavy tax.

The rates proposed by the committee, Mr. President, are less than the Payne-Aldrich rates, when you examine them closely, and except for the duty on unsweetened chocolate carried in the Underwood Act they are even less than the rates of the Underwood Act. That act provides a duty of 2 cents a pound up to 20 cents a pound, and after that 25 per cent ad valorem. In fact, the rates here are about the same, except in the matter of unsweetened chocolate, as those fixed by the Underwood law.

Mr. STERLING. Mr. President, let me call the Senator's attention to this fact: The Underwood Act provided, for unsweetened chocolate and cocoa prepared or manufactured, not specially provided for, 8 per cent ad valorem, and the great bulk of the chocolate that comes into this country is the unsweetened chocolate. Comparatively little of the sweetened chocolate comes in.

Mr. CALDER. I repeat that except for the rate on the unsweetened chocolate, the rates provided by the Finance Committee are not higher than the rates in the Underwood Act.

Mr. STERLING. Let me just call attention to this fact—The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from South Dakota?

Mr. CALDER. I yield.

Mr. STERLING. The rate proposed now by the Senate committee is a little more than three times the rate upon the great bulk of chocolate manufactured that comes into this country, unsweetened. Nearly all of it is unsweetened.

Mr. CALDER. Mr. President, we have this condition concerning cacao butter: We have importations during this year of cacao butter very greatly in excess of anything that we have ever had before. While cocoa, powdered, or chocolate, powdered, is a by-product of cocoa and chocolate manufactures, cacao butter is the by-product of the chocolate and cocoa manufacturers in Europe, and they have been sending here large quantities. In fact, they have completely overwhelmed our market in cacao butter; and the committee have felt compelled, in justice to the manufacturers of cacao butter here, to put a reasonable duty upon that commodity. Not only must we do that to protect the cacao-butter man here, which adds to the cost of the chocolate, but we have a higher tax on sugar and almonds and walnuts and all the other things that enter into the manufacture of these commodities.

It seems to me there is no item in this bill more justified than the rates submitted by the Finance Committee in this matter. They are less than the rates in the Payne-Aldrich bill, and except, I repeat, in the case of the unsweetened chocolate, not higher than the rates of the Underwood Act.

Mr. McCUMBER. Mr. President, I want to call attention to the fact that the rates on chocolate and cocoa under the present law are as follows: Sweetened, valued at not over 20 cents per pound, 2 cents per pound. That is the same as we have here. Valued at above 20 cents per pound, 25 per cent ad valorem. That is what we propose to put in our amendment, the same as the Underwood tariff. The only place where a



difference would lie would be in the unsweetened product. The rate on the unsweetened product in the present law is 8 per cent ad valorem, while this, as suggested by the Senator from South Dakota, would leave the rate 25 per cent, as against the House provision of 17½ per cent.

Since coming in this morning I have talked over the matter with the Republican members of the committee, and they are satisfied to have me withdraw the proposed amendment to strike out "17½" and to insert "25"; and if the Senate will allow me to do so, I will withdraw that proposed amendment, leaving it at 17½ per cent.

The PRESIDENT pro tempore. Without objection, the amendment is withdrawn. The Secretary will state the next amendment of the committee.

The next amendment was, on page 114, line 20, to strike out "3½ cents per pound" and, as modified, insert "25 per cent ad valorem" in lieu of "30 per cent ad valorem," so as to read:

Cacao butter, 25 per cent ad valorem.

Mr. WALSH of Massachusetts. Mr. President, I ask the chairman of the committee to make the same request in regard to this amendment in order to even matters up.

Mr. McCUMBER. The amendment as modified reduces the rate on cacao butter, and so forth, to 25 per cent ad valorem. Under the evidence which was given to the committee, which I have not before me at this time, we felt justified in requesting the small duty of 25 per cent ad valorem.

Mr. CALDER. It is proposed to strike out "30" and to insert "25."

Mr. McCUMBER. Yes; it is proposed to strike out "30" and insert "25."

Mr. WALSH of Massachusetts. That is about a 200 per cent increase over the House rate of 3½ cents per pound. Cacao butter sells for about 30 cents per pound.

The only argument I have heard from any source in favor of increasing the rates upon cocoa and chocolate was from the leading chocolate manufacturers of my State, and they apparently were satisfied with the House rates; but when the Senate committee reported this increase in the rate on cacao butter, they, and doubtless other manufacturers of chocolate, complained because the cacao butter rate left a disparity between the rate on cacao butter and the rate upon chocolate and cocoa. I read from a letter which I received to that effect:

The reason for the increase in the selling price of cacao butter was because of the extraordinary increase in the sale and demand for Eskimo pie, in the manufacture of which cacao butter is mixed with the sweet chocolate to make the covering of this article. For a short time Eskimo pie took like wildfire throughout the entire country. The result was that many manufacturers of ice cream and sweets loaded up with the constituents that go to make up this article and caused a very great shortage in the market. This, however, is, I am assured by Mr. Gallagher, the president of Walter Baker & Co., a temporary condition. Mr. Gallagher tells me that the country can produce considerably more cacao butter than it ordinarily required, and that therefore in placing this increased duty on cacao butter the Senate Finance Committee did not even the thing up for the chocolate manufacturers as they intended to do.

That seems to be the whole cause of the agitation in favor of increasing the rates upon chocolate and cocoa; that the Senate Finance Committee, increasing the rate upon cacao butter, did not even the thing up for the chocolate manufacturers. In other words, cacao butter is a by-product of chocolate and cocoa, and the by-product has a higher rate than the main product itself.

It is preposterous. It is all due to the fact that for a few months last year there was a tremendous importation of cacao butter, because the home market did not begin to supply the demand for that commodity needed in the manufacture of Eskimo pie. It seems to me this high rate can not be justified.

I hold in my hand a table showing the imports and exports of cacao butter from 1910 to 1922, which I ask to have inserted in the RECORD with my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Imports and exports of cacao butter, 1910-1922.

	Imports.			Exports.	
	Pounds.	Dollars.	Value per pound.	Pounds.	Dollars.
Fiscal year:					
1910.....	3,755,140	750,333	\$0.200	(1)	
1911.....	4,395,452	1,112,778	.253		
1912.....	5,832,063	1,552,973	.266		
1913.....	3,631,986	990,568	.273		
1914.....	2,876,967	801,259	.279		
1915.....	126,028	35,863	.284		
1916.....	69,888	15,824	.226		

<sup>1</sup> Exports not separately given prior to 1919.

Imports and exports of cacao butter, 1910-1922—Continued.

	Imports.			Exports.	
	Pounds.	Dollars.	Value per pound.	Pounds.	Dollars.
Fiscal year:					
1917.....	24,289	7,581	\$0.312		
1918.....	14,852	4,633	.311		
Calendar year:					
1919.....	8,179	2,539	.300	7,320,255	3,031,748
1920.....	14,080	6,705	.477	5,377,188	1,948,617
1921.....	1,723,385	380,985	.222	2,855,278	755,544
January, 1922.....	172,091	37,915		85,184	23,921
February, 1922.....	1,833,001	463,555		57,055	19,319
March, 1922.....	2,101,654	546,467		69,547	23,071
April, 1922.....	819,407	191,257		131,488	49,334
May, 1922.....	452,375	101,070		109,070	31,680

Mr. WALSH of Massachusetts. This table shows that there were very heavy importations in 1921 and the first five months of 1922, but even in 1921 we exported 2,855,278 pounds of cacao butter, while our imports were only 1,723,385 pounds. So that even with the increased importation of cacao butter there has been a very heavy exportation of this product.

The rates fixed upon the other items in this paragraph are an improvement over the committee amendment, but I think, to complete the relativity of these products one to the other, the duty upon cacao butter ought to be lowered.

Mr. McCUMBER. Mr. President, the Senator has stated that the 25 per cent ad valorem would be equivalent to about three times as much as the House rate. The Senator is mistaken in that statement. The entire importations for 1922 show about 22 cents per pound as the invoice price. With the article selling at 22 cents a pound, a rate of 3.5 cents per pound gives an equivalent ad valorem of 16 per cent. We have added to that 9 per cent, to make it 25 per cent. Instead of being two or three times as much it is a little more than one-half greater than it would be at 3½ cents per pound, taking the average prices for 1921.

Mr. WALSH of Massachusetts. Instead of being 200 per cent increase it is over 100 per cent increase?

Mr. McCUMBER. No; the increase would be 50 per cent, an increase of about one-half.

Mr. WALSH of Massachusetts. With cacao butter selling at 30 cents a pound an ad valorem of 25 per cent represents 7½ cents.

Mr. McCUMBER. The Senator is in error again. The 3½ cents per pound is an equivalent of 16 per cent ad valorem. We have proposed a duty of 25 per cent ad valorem. Therefore our increase is 9 per cent ad valorem, or a little more than one-half. One-half would be 8 per cent.

I desire to insert in the RECORD a memorandum concerning cacao butter, and in this memorandum appear the comparative costs of production in several countries abroad and the cost of production in the United States, with the conclusion as to what would be a reasonable duty. It is stated in this memorandum that the figures show conclusively that cacao butter can be sold by European manufacturers for 9½ cents a pound less than by United States manufacturers.

Mr. STERLING. May I ask if the memorandum to be printed in the RECORD shows the price of cacao butter on the market now?

Mr. McCUMBER. No; it gives the cost of production. I am informed that it reaches from 26 to 30 cents a pound in the United States. The information I am presenting is simply to give the cost of production abroad and in the United States, for the purpose of showing what differential should be made. I do not care to read it if I may have it printed in the RECORD.

Mr. WALSH of Massachusetts. I have no objection.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

#### COCOA BUTTER MEMORANDUM.

##### I.

The cocoa bean produces two basic products, viz: Cocoa butter and cocoa powder.

In the United States of America cocoa powder is mainly a by-product and is used for ice cream, beverages, and pastry.

In Europe it is used almost entirely as a food.

In the United States of America 90 per cent of the cocoa butter produced is used in making confectionery.

In Europe cocoa butter is the by-product and the manufacturers must look to foreign markets for the sale of their surplus.

In the United States of America the average selling price of bulk cocoa powder obtainable to-day is 3½ cents per pound. In Europe it is 10 cents to 12 cents per pound.

##### II.

Three and one-third pounds cocoa beans yield 1 pound cocoa butter and 1½ pounds cocoa powder.

## III.

The selling price of cocoa butter in the United States of America is determined by foreign quotations. A monthly auction is held in Amsterdam and the prices the world over for the succeeding month are practically ruled by this auction. The present market price of 29½ cents per pound in the United States of America is based solely on foreign offerings and domestic competition, and not on actual cost production.

To illustrate: The following figures show conclusively that cocoa butter can be sold by European manufacturers for 9½ cents per pound less than by United States manufacturers:

## Comparative costs.

UNITED STATES OF AMERICA.		EUROPE.	
1,250 pounds cocoa beans, at 9 cents per pound—	\$112.50	1,250 pounds cocoa beans, at 9 cents per pound—	\$112.50
Conversion cost of cocoa beans—	29.25	Conversion cost of cocoa beans—	14.70
	141.75		127.20
YIELD.		YIELD.	
375 pounds cocoa butter, at 29½ cents pound—	\$110.62	375 pounds cocoa butter, at 24 cents pound—	\$90.00
625 pounds cocoa powder, at 3½ cents pound—	21.88	625 pounds cocoa powder, at 10 cents pound—	62.50
	132.50		152.50
Loss in United States of America—	9.25	Profit—	25.30
Loss in United States of America—	9.25		
Profit in Europe—	25.30		
			34.55

Differential of \$34.55 on 375 pounds cocoa butter in favor of Europe, 9½ cents pound.

## IV.

Under the present tariff of 3½ cents per pound cocoa butter importations by calendar years were as follows:

	Pounds.
1912—	6,074,741
1913—	3,606,332
1914—	2,838,761
1915 to 1920, inclusive (war conditions prevailing)—	793,766
1921—	2,372,669
1922 to June 1 (Port of New York only)—	4,821,835

Attention is called to the fact that in the Reynolds report, page 13, schedule 7, the import statistics given are for "cocoa butter or but-terine, refined deodorized coconut oil, and all substitutes for cocoa butter."

The above figures cover cocoa butter imports only.

It is obvious that the 3½ cents duty has not shut out the importation of cocoa butter, although the United States manufacturers were and are equipped to supply all the cocoa butter required for domestic consumption, and a large surplus in addition.

## V.

The fact is that the markets of Europe (which are the principal consuming markets of the world) are closed to the United States manufacturers, as is shown by the following rates of duty:

1. GERMANY.<sup>1</sup>

	Rates per 100 kilograms.	Equivalent in American currency per pound.
Cocoa butter—	150 gold marks—	Cents. 16.2
Cocoa powder—	160 gold marks—	17.3

## 2. GREAT BRITAIN.

Cocoa butter—	4½ pence per pound	Cents. 8½
Cocoa and other cocoa preparations—	28 shillings per hundredweight on raw cocoa used in manufacturing plus 4½ pence per pound on cocoa butter used; equivalent to 6½ cents on average mixture of chocolate.	

## 3. ITALY.

Cocoa butter—	70 gold lire—	Cents. 8.1
Cocoa powder—	120 gold lire—	10.4

## 4. FRANCE.

Cocoa butter—	150 paper francs—	Cents. 5½
Cocoa powder—	do—	5½

<sup>1</sup> All now under embargo subject to special import license only.

5. SPAIN.<sup>1</sup>

	Rates per 100 kilograms.	Equivalent in American currency per pound.
Cocoa butter—	750 gold pesetas—	Cents. 65
Cocoa powder—	do—	65

<sup>1</sup> Favored nations products, 250 pesetas; equivalent to 21.8 cents per pound.

These facts, together with the difference in conversion costs, have resulted in over one-half of the cocoa butter and cocoa powder equipment in the United States of America being shut down and the piling up here of enough unsold cocoa powder to supply the United States of America for two years.

## VI.

The only United States exportations of cocoa powder for the last 18 months have been made for American relief purposes in Europe. This powder was sold at an average price of 3 cents per pound packed in export cases free alongside steamer.

## VII.

Therefore, to equalize these conditions 25 per cent ad valorem should be the minimum import duty on cocoa butter, although the foregoing comparative statement justifies a 30 per cent ad valorem rate.

A 25 per cent ad valorem rate will, however, harmonize with the rates now proposed for chocolate and cocoa in paragraph 776.

Mr. WALSH of Massachusetts. Will the Senator inform us in what country it is made for 9 cents less per pound than it can be produced for in America?

Mr. McCUMBER. I will take the table.

Mr. WALSH of Massachusetts. May I say, while the Senator is looking for the information, that cacao butter is the by-product of the cacao bean, as cocoa and chocolate are, and if cacao butter can be made for 9 cents less per pound abroad, chocolate and cocoa can also. They all come from the same bean. Therefore the committee is discriminating in favor of cacao butter and against chocolate and cocoa, and these rates upon chocolate and cocoa are absurd, if the corresponding reduction in the cost of production is shown in cocoa and in chocolate as is shown in respect to cacao butter.

Mr. McCUMBER. The report, which is quite lengthy, takes the cost in the United States, in Germany, and in Great Britain, and the difference of the landing prices I mentioned. It shows that it can be produced and placed on our market for about 9 cents less when made in Germany than when produced in the United States, according to the figures.

Mr. WALSH of Massachusetts. I find in the Summary of Tariff Information, on page 807, the statement that one German manufacturer has moved his factory to this country because he can make chocolate and cacao butter and cocoa cheaper here than he can in Germany, where the bean is taxed, while here it is admitted free.

The PRESIDENT pro tempore. The question is on agreeing to the amendment as modified.

The amendment as modified was agreed to.

Mr. CALDER. Mr. President, before this subject is passed, I want to make my protest, and a strong protest, against the agreement on the part of the chairman of the Finance Committee and the Senate to the rate of 17½ per cent. This rate on the higher-priced chocolate and cocoa is 7½ per cent less than that in the Underwood Act, and, in my judgment, will tend to largely increase the importations of chocolate and cocoa into this country. I repeat, Mr. President, the European countries which have been manufacturing chocolate and cocoa in the past have put an embargo against the importation of those commodities from this country.

I want to call attention to the rates in the Payne-Aldrich Act. In that act chocolate and cocoa valued at not over 15 cents per pound were given a rate of 2½ cents a pound. Valued at above 15 and below 24 cents per pound, the rate was 2½ cents per pound and 10 per cent ad valorem. Valued at above 24 and not above 35 cents a pound, the rate was 5 cents a pound and 10 per cent ad valorem. Valued at above 35, the rate was 50 per cent ad valorem.

We take these high-priced chocolates and cocoas, which can flood this country from countries where we are denied the opportunity of entering, and we fix our rate at 17½ per cent, as against 50 per cent in the Payne-Aldrich Act. The proposal is unjust to the cocoa and chocolate manufacturers of this country. The rate should be left at not less than 25 per cent.

Mr. McCUMBER. I desire to state in reply that I think the provision for not less than 2 cents per pound will amply take care of the industry.

Mr. CALDER. In reply to the Senator from North Dakota may I say that that will only be helpful in the case of the lower-



priced chocolates. In the higher-priced chocolates, those that sell for over 20 cents a pound, the rate will not be sufficient, but will tend largely to increase the importation of those commodities and is really a very great injustice.

Mr. LODGE. Mr. President, I want to say a single word, although I know the paragraph has been passed, and I hope gone for good. The grading is due to the fact that we have added to the duties on sugar, the grading making lower rates on the low-priced chocolate and higher rates on the higher-priced chocolate. It simply reverses the compensation which ought to be given, because the cheap chocolates carry more sugar than the expensive chocolates. The only fair way is to have an even specific for all grades of sweetened chocolate.

Mr. CALDER. I think it should be understood, too, that the rates carried in the bill as passed by the House are based upon the American value of the commodity, and that the actual tax under the House provision is one-half of that proposed by the Senate committee, because the Senate committee rates are based upon the foreign valuation.

The PRESIDENT pro tempore. The Secretary will state the next amendment.

The ASSISTANT SECRETARY. On page 115, after line 2, the committee proposes to insert a new paragraph to read as follows:

PAR. 779a. Sago flour and tapioca flour, one-half of 1 cent per pound; tapioca flake or pearl, three-fourths of 1 cent per pound.

Mr. NEW. I ask that consideration of this paragraph may be postponed for the present.

Mr. McCUMBER. Very well, I am willing to pass it over temporarily.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Indiana? The Chair hears none, and the paragraph will be passed over.

#### CANDY MANUFACTURERS' PROFITS.

Mr. WALSH of Massachusetts. Mr. President, I ask permission to have printed in the Record a letter which I have from a leading candy manufacturer, Mr. Herman L. Heide, a member of the executive committee of the National Confectioners' Association, in reply to a statement made on the floor during the debate upon almonds and walnuts in reference to the profits of candy manufacturers. The letter gives some valuable information as to the actual profits of the candy manufacturers and denies the claim that their profits have been excessive.

There being no objection, the matter referred to was ordered to be printed in the Record, as follows:

NATIONAL CONFECTIONERS' ASSOCIATION  
OF THE UNITED STATES,  
July 11, 1922.

Hon. DAVID I. WALSH,  
Senate Office Building, Washington, D. C.

DEAR SENATOR WALSH: Referring to the CONGRESSIONAL RECORD of July 3 and 5, I note that Senator JOHNSON in seeking to justify the unreasonable and indefensible rate that California is asking for protection on almonds and walnuts advances the false argument that the candy industry has gone on record that they were making 300 per cent profit, and therefore can well afford to pay the preposterous tariff imposed.

Now, Senator JOHNSON, whom we all know to be capable and intelligent, can not seriously believe that the candy industry is making or ever has made 300 per cent profit. I do not hesitate to make the statement that the net results for any year of the candy manufacturing industry throughout the United States averages less than 10 per cent on the capital invested. Certainly this return is entirely legitimate and can not be found fault with. While it may be true that during the war period the profits were somewhat better than the average, that situation was typical of all industries throughout the country and in fact throughout the world. On the other hand, it is equally true that the confectionery industry suffered severely when the terrific slump in sugar and other raw materials took place. With many concerns the profits of previous years were wiped out and in numerous instances bankruptcy ensued.

During a hearing before the Internal Revenue Department several years ago some of the gentlemen on the board that conducted the hearing inquired as to the reason the confectionery manufacturing industry showed such negligible profits as compared with other industries. It is obvious that such interrogation would not have been forthcoming did the confectionery industry reap the fabulous profits that Senator JOHNSON has attempted, and perhaps successfully, to fix in the minds of his hearers and to the country at large through the medium of the press. The origin of that 300 per cent profit myth may, to the best of my knowledge, be traced as follows:

On August 1, 1921, Mr. Benjamin Miller, head of the Miller Bros. Candy Co., operating a few retail stores in Greater New York, and a small manufacturing plant, publicly issued fictitious statements that were given wide publicity by one of our leading New York newspapers, and particular emphasis was laid upon the alleged 300 per cent profit, which Senator JOHNSON, to serve his own ends, has seen fit to use notwithstanding that it is an utter falsehood.

In this connection it may be of interest to note that on April 14, 1922, an involuntary petition of bankruptcy was filed against the Miller Bros. Candy Co., and against whom suits had previously been instituted for bills outstanding from February 28, 1921, right through to the present period. Herewith are inclosed several lists showing the dates and the amounts, as well as the names of the plaintiffs by whom judgments or suits have been filed. Now, then, if the Miller Bros. Candy Co. were actually making the 300 per cent profit reported to have been declared by Mr. Benjamin Miller, why would it have been necessary to file a

petition in bankruptcy? Why has the Miller Bros. Candy Co. been unable to pay its bills and have a very handsome profit left? It is quite apparent that the present predicament of that firm clearly proves the falsity and the injustice of the 300 per cent profit statement.

As the confectionery industry has been falsely and unfairly accused in public of profiteering by a personage of such prominence as Senator JOHNSON, it would be no more than fair and just to the confectionery industry were the situation corrected through the presentation of the foregoing to the United States Senate, from the floor of the Senate, in order to dispel, so far as possible, the erroneous impressions Senator JOHNSON has created, and in order that the correction be made part of the CONGRESSIONAL RECORD.

Yours very truly,

HERMAN L. HEIDE,  
Member Executive Committee,  
National Confectioners' Association.

Mr. WALSH of Massachusetts. I ask to have inserted in the Record a special article written for the New York Evening Post upon the effect of the duties levied in the pending bill upon the ultimate consumer, also an extract from an editorial in the New York Herald.

There being no objection, the articles referred to were ordered to be printed in the Record, as follows:

THE "ULTIMATE CONSUMER"—WHAT HAPPENS TO THE COST OF LIVING ON THE WAY FROM BED TO BREAKFAST.

(By W. O. Scroggs in the New York Evening Post.)

We may recount the short and simple but somewhat intimate annals of a morning hour in the life of a plain middle-class American consumer and see how the tariff penetrates into the inner temple of his existence.

His day begins when he is aroused by an alarm clock, and the new tariff bill raises the duty on this article 67 per cent. His first act is to throw off the counterpane, on which the duty has been increased 60 per cent, and the sheet, on which the duty is higher by 20 per cent. He jumps from his bed, on which the duty is advanced 133 per cent, and dons a summer bathrobe, with the duty up 50 per cent, and slippers, with the duty increased 40 per cent.

He walks over a Brussels carpet (duty up 100 per cent) to close the window, the duty on the pane of which has been raised 400 per cent, and adjust the shade (duty up 20 per cent) and curtains (up 33 per cent). Then he enters the bathroom, stands before a mirror, on which the duty has been raised 60 per cent, and turns on the electric light, with a 50 per cent higher duty on the bulb.

#### SHAVING COSTS JUMP.

Next he sets out his shaving stick, subject to an increase in duty of 67 per cent, his shaving brush (duty up 57 per cent), and razor (up 50 per cent), and begins his tonsorial operations, after giving the blade a few strokes on a strop (duty up 15 per cent). This over, he devotes his attention to the bathtub, on which the duty has been raised 100 per cent. Towels (with the duty up 60 per cent), soap (up 67 per cent), toothbrush and hairbrush (up 57 per cent), and comb (up 40 per cent) are next in demand. Cleanliness may be next to godliness, but the new tariff bill taxes it just the same.

As our consumer dresses, it may be noted that the new bill increases the duty 60 per cent on his underwear, 33 per cent on his hose, 50 per cent on his shirt and collar, 20 per cent or more on his necktie, 60 per cent on his suit of clothes, and imposes a duty of about 8 per cent on his shoes, which were formerly on the free list. On the collar buttons and cuff links which he transfers to a fresh shirt the duty has been increased 33 per cent.

The only articles he has touched so far on which the duties have not been increased in the Fordney-McCumber tariff bill are his dentifrice and his talcum powder.

As the weather is growing warmer our consumer decides to discard his waistcoat. This necessitates a change from suspenders, with a duty 60 per cent higher, to a leather belt, with the duty raised 75 per cent higher. He then transfers pocketbook (duty up 143 per cent), fountain pen (up 100 per cent), penknife (up 200 per cent), and lead pencil (up 70 per cent) from waistcoat to coat pockets, picks a fresh linen handkerchief (up 50 per cent) from the dresser (up 133 per cent), polishes his eyeglasses (up 15 per cent), and after giving his clothes a touch with the whiskbroom (up 57 per cent), is ready for breakfast.

#### HIGHER DUTY ON BREAKFAST.

On entering his dining room, our consumer draws up a chair the duty on which has been raised 133 per cent, to a table (subjected to a similar increase), covered with linen damask on which the duty is advanced 43 per cent. He spreads a napkin (duty up 43 per cent) on his knees, and turns on the current for his electric toaster, on which the duty has been advanced 160 per cent. Then he toasts some bread, removed from the free list and made dutiable at 15 per cent ad valorem. He drinks water from a glass on which the duty is 45 per cent higher, and begins his breakfast with an apple (duty up 200 per cent) baked with sugar (duty up 60 per cent) in an aluminum dish (up 150 per cent) on a cast-iron stove (duty up 100 per cent).

The duty is also advanced 27 per cent on his chinaware, 20 per cent on his table silverware, 200 per cent on his oatmeal, and 225 per cent on his butter. The cream for his coffee has been removed from the free list and subjected to a duty of 22½ cents a gallon, and his eggs also have been taken from the free list and made dutiable at 8 cents per dozen. The salt for his eggs likewise comes off the free list, and so does his bacon. Even the duty on the salt shaker gets a boost of 45 per cent. A favorite expression of western cowboys is, "Skin 'em from hell to breakfast." The framers of the new tariff bill apparently took this for their motto.

#### THE TARIFF BILL.

The people demand that their taxes shall come down, their cost of living shall come down, and the barriers against selling their goods abroad shall come down. If the only kind of tariff measure they can get from the present Congress is one that will jack up their cost of living still higher when it already is too high, and make it all the harder to export their surplus products when it already is hard enough to export them, then the American people do not want any statesmen to rush himself out of breath over the passage of this tariff. They will be content to wait till the cows come home, for a Congress that has sense enough to know costs must be reduced, not inflated, and that has ability enough to frame the kind of tariff that is necessary to the welfare of the country.

This does not mean the American people want the United States to be a free-trade country. It does not mean the American people would

throw the floodgates wide open for the pauper labor products of Europe and Asia to come down upon our markets in tidal waves and wipe out our own industries.

It does mean the taxpayers and bill payers of America demand a rational tariff that will be reasonably protective, not insufferably burdensome.

Mr. WALSH of Massachusetts. Mr. President, I think we have finished discussion of all the amendments offered by the Senate Finance Committee in the agricultural schedule. That means that my work in presenting the views of the minority is completed for the present.

The PRESIDENT pro tempore. The Chair reminds the Senator that one amendment has been passed over at the request of the Senator from Indiana [Mr. New] and the Assistant Secretary advises the Chair that one other amendment was passed over relating to flower seed.

Mr. WALSH of Massachusetts. The latter amendment went over at the request of the Senator from Michigan [Mr. Townsend]. But so far as the schedule as a whole is concerned the debate is practically ended. I desire very briefly to call attention to the result of the discussion in and votes by the Senate upon this schedule.

I had some hopes, but I find they were vain, that the discussion on the various amendments offered by the Senate Finance Committee would result in reducing some of the high rates, but practically every amendment, several hundred of them in all, providing for substantial increases in the rates levied upon agricultural products in the House text have been adopted. Practically no reductions have been made. The committee's position has been uniformly sustained. The rates fixed by the agricultural tariff bloc which, of course, were urged solely from the viewpoint of the producer, have been accepted without any regard for the consumers.

In addition to the amendments offered by the committee, as printed in the bill when we commenced the discussion of the schedule, there have been offered upon the floor 24 amendments of a substitute character, all of which have increased the rates even above those named by the Senate Finance Committee when the bill was originally reported to the Senate. So that 24 additional amendments have been offered to the bill since the discussion commenced, all of them increasing the duties originally proposed. Eight amendments have been offered by the committee reducing the rates originally fixed by the committee when the committee reported the bill.

I think that information is of some value. It goes to show that notwithstanding the general discussion throughout the country and the general criticism of this bill, that so far as agricultural products are concerned there has been absolutely no attempt to reduce the rates named in the bill.

I want once more to call attention to the fact that many of the rates are bound to be operative, and the Congress of the United States is presenting to the American people a tariff bill which must in certain particulars very materially increase the cost of living to the American people, and this at a time when wages are being reduced and when the cry throughout the land is to reduce prices and the cost of production. I repeat, the demand from one end of the land to the other for reduction in the prices of the things that we eat and the things that we wear is here answered by passing through Congress a tariff bill which places higher duties than ever before in the history of the country upon agricultural products, upon raw materials, and upon the things that our people must eat. Of course, it will result in a very serious protest from the consumers of the country.

Attention should be called to the fact that the schedules in this bill are so numerous and the increases so many that even those groups which are here and there benefited by an increased protective duty will have to pay more than they receive in increased prices upon the articles they produce when they come to buy other articles produced by other groups which also bear a heavy protective duty. Evidently the protests of those who have insisted that the time was at hand for levying moderate protective duties have gone unheard and unheeded, and any effort to reduce the rates in the bill appears to be unsuccessful. The protests from press and people is falling on deaf ears. The Senate is not concerned or interested in levying low duties, but is trying to see how high it can make these rates. Fortunately, an appeal can soon be made to the American people, and what their verdict will be is not, in view of recent political activities, uncertain.

Mr. McCUMBER. Mr. President, what the Senator says is true in one respect. We have given a higher rate of duty for the protection of the farmers and for the protection of agriculture than has ever been given in any previous bill. Those rates, Mr. President, are justified. Notwithstanding the fact that rates are higher upon agricultural products than ever be-

fore, those rates do not anywhere nearly measure up to the duties which are given for the protection of manufactured articles other than agricultural.

The PRESIDENT pro tempore. The Secretary will report the first amendment in the next schedule.

The ASSISTANT SECRETARY. The next amendment of the Committee on Finance is under "Schedule 8.—Spirits, wines, and other beverages," on page 116, after line 14, to strike out:

PAR. 801. Liqueurs, as defined in the national prohibition act, when imported in compliance with the provisions of that act, shall be dutiable at the rates hereinafter provided in this title.

And in lieu thereof to insert:

PAR. 801. Nothing in this schedule shall be construed as in any manner limiting or restricting the provisions of Title II or III of the national prohibition act, as amended.

The duties prescribed in Schedule 8 and imposed by Title I shall be in addition to the internal-revenue taxes imposed under existing law, or any subsequent act.

The amendment was agreed to.

The next amendment was, on page 117, line 4, before the word "containing," to insert "(except Angostura bitters)"; in line 6, after the word "component," to strike out "part," and insert "material," and in line 7, after the word "proof," to strike out "gallon" and insert "gallon; Angostura bitters, \$2.60 per proof gallon," so as to make the paragraph read:

PAR. 802. Brandy and other spirits manufactured or distilled from grain or other materials, cordials, liqueurs, arrack, absinthe, kirschwasser, ratafia, and bitters of all kinds (except Angostura bitters) containing spirits, and compounds and preparations of which distilled spirits are the component material of chief value and not specially provided for, \$5 per proof gallon; Angostura bitters, \$2.60 per proof gallon.

Mr. SIMMONS. Mr. President, I would like to inquire of the Senator in charge of the bill why this differentiation as to bitters. That seems to be a new provision of a tariff bill, and I have discovered nothing in any of the literature about it. I suppose there must have been some testimony on the subject. I should be very glad to have the Senator explain the proposed amendment.

Mr. SMOOT. The reason is very simple. Angostura bitters come in under the prohibition law to-day; they are not prohibited at all. Therefore we only impose a rate of \$2.60 per proof gallon of the alcohol that is in the bitters. Otherwise it would have been \$5 a gallon. That would have been on account of the prohibition law, but under the prohibition law itself the bitters are allowed to come in. Therefore we only charge exactly the rate that was charged for alcohol under the Payne-Aldrich law.

Mr. SIMMONS. In other words, as I understand the Senator, we are charging really the same rate—\$5—upon the proof liquor in the bitters?

Mr. SMOOT. Yes; that is all it is.

Mr. SIMMONS. I have no objection to the amendment.

The amendment was agreed to.

The next amendment was, on page 117, line 10, before the word "gallon," to strike out "proof," so as to make the paragraph read:

PAR. 803. Champagne and all other sparkling wines, \$6 per gallon.

The amendment was agreed to.

The next amendment was, on page 118, line 10, after the word "this," to strike out "title" and insert "schedule," so as to make the paragraph read:

PAR. 809. When any article provided for in this schedule is imported in bottles or jugs, duty shall be collected upon the bottles or jugs at one-third the rate provided on the bottles or jugs if imported empty or separately.

The amendment was agreed to.

The next amendment was, on page 119, line 3, after the word "this," to strike out "title" and insert "schedule," and at the beginning of line 10, before the word "gallon," to insert "proof," so as to read:

PAR. 811. No lower rate or amount of duty shall be levied, collected, and paid on the articles enumerated in paragraph 802 of this schedule than that fixed by law for the description of first proof; but it shall be increased in proportion for any greater strength than the strength of first proof, and all imitations of brandy, spirits, or wines imported by any names whatever shall be subject to the highest rate of duty provided for the genuine articles respectively intended to be represented, and in no case less than \$5 per proof gallon.

The amendment was agreed to.

The next amendment was, on page 120, line 6, after the word "this," to strike out "title" and insert "schedule," so as to make the paragraph read:

PAR. 813. No wines, spirits, or other liquors or articles provided for in this schedule containing one-half of 1 per cent or more of alcohol shall be imported or permitted entry except on a permit issued therefor by the Commissioner of Internal Revenue, and any such wines, spirits, or other liquors or articles imported or brought into the United States without a permit shall be seized and forfeited in the same manner as for other violations of the customs laws.

The amendment was agreed to.



The next amendment was, on page 120, line 15, after the word "this," to strike out "title" and insert "schedule," so as to make the paragraph read:

PAR. 814. The Secretary of the Treasury is hereby authorized and directed to make all rules and regulations necessary for the enforcement of the provisions of this schedule.

The amendment was agreed to.

The next amendment was, on page 120, line 16, after the word "cotton," to strike out "manufactures," so as to read: "Schedule 9.—Cotton and manufactures of."

Mr. SIMMONS. Mr. President, I make the point of no quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Fernald	McNary	Smith
Ball	Glass	Moses	Smoot
Borah	Hale	Nelson	Spencer
Burns	Harris	New	Stanley
Calder	Harrison	Nicholson	Sterling
Cameron	Heflin	Norbeck	Townsend
Capper	Jones, Wash.	Overman	Trammell
Caraway	Kellogg	Phipps	Wadsworth
Colt	Kendrick	Ransdell	Walsh, Mass.
Cummins	Keyes	Rawson	Walsh, Mont.
Curtis	Lodge	Robinson	Warren
Dial	McCormick	Sheppard	Watson, Ind.
du Pont	McCumber	Shortridge	Willis
Ernst	McLean	Simmons	

Mr. STANLEY. I take this occasion to announce that the junior Senator from Louisiana [Mr. BROUSSARD] is absent on this roll call on business of the Senate. He will be so engaged for a day or so more. I desire that this announcement may stand for subsequent roll calls.

Mr. HARRIS. My colleague, the junior Senator from Georgia [Mr. WATSON], is absent on account of sickness.

The PRESIDENT pro tempore. Fifty-five Senators have answered to their names. There is a quorum present. The Secretary will state the first amendment proposed by the Committee on Finance in Schedule 9.

The amendment of the Committee on Finance was, on page 120, line 16, in the heading of the schedule, after the word "Cotton," to strike out the word "Manufactures" and to insert "and manufacturers of," so as to make the heading read:

Schedule 9.—Cotton and manufactures of.

The amendment was agreed to.

The PRESIDENT pro tempore. The Secretary will state the next amendment proposed by the Committee on Finance.

The next amendment of the Committee on Finance was, on page 120, after line 17, to insert a new paragraph as follows:

PAR. 900. Cotton having a staple of  $1\frac{1}{2}$  inches or more in length, 7 cents per pound.

Mr. CAMERON. Mr. President, I wish to offer an amendment to the committee amendment proposing a duty on long-staple cotton. In paragraph 900, on page 120, line 19, before the word "cents," I move to strike out the numeral "7" and to insert in lieu thereof the numerals "15," so that the paragraph if so amended will read:

PAR. 900. Cotton having a staple of  $1\frac{1}{2}$  inches or more in length, 15 cents per pound.

The PRESIDENT pro tempore. The question is on the amendment proposed by the junior Senator from Arizona to the committee amendment.

Mr. ASHURST. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SMITH. Mr. President, before a vote is taken on the amendment offered by the Senator from Arizona to the amendment reported by the committee, I think the Senate ought to be thoroughly advised as to the necessity for the duty which is now proposed on the so-called Yuma, or Arizona-Egyptian long-staple cotton. There has been printed by the Tariff Commission a pamphlet entitled "The Emergency Tariff Act and Long-Staple Cotton," and from the facts set forth by the commission an erroneous impression has arisen.

Arizona cotton does not enter into competition with the so-called long-staple Egyptian cotton. The facts as presented by the Tariff Commission are to the effect that the Egyptian cotton under present conditions sells for a higher price and finds a readier market in America than the Arizona cotton. The Egyptian cotton is practically a vegetable silk. I doubt very much if a competitor for it can be found in the world at all.

Few of those who have not made a close study of cotton production are aware of the fact that identically the same seed planted in different soils and under different climatic conditions produced radically different fibers. To illustrate, on the coast of the Carolinas there was developed what was known as sea-island cotton. That cotton is in a group to itself. The

seed of the cotton grown in the islands off the coast of the Carolinas when imported even into the neighboring State of Georgia and planted under what seem to be similar conditions of climate and soil in a year or two will have a tendency to revert to the mother or parent type, which is the ordinary staple cotton. So that the peculiarities of environment, such as humidity, sunlight, and soil, radically change the nature of the fiber produced by the identical seed.

We in the Carolinas had a practical monopoly of that wonderful cotton known as sea island, which developed a staple of 2 inches and above and sold in the field without being gathered for in the neighborhood of \$1 a pound. It was used by the thread people. The J. & P. Coats and the Willimantic Mills monopolized the sea-island cotton and used it for the specific purpose of making thread and fine lace. There was no competition with the sea-island cotton. It was of a peculiar fiber and peculiar nature, produced by the combination of season and soil, and did not find a duplicate elsewhere.

I will say in passing that this wonderful production, of almost inestimable value, practically without a competitor, has now been eliminated or destroyed by the advance of that pest known as the weevil. Our production has dropped to where it is negligible and a substitute will have to be found elsewhere.

As an evidence of the fact that even that staple was without a competitor, it sold at a higher price per pound, with no duty on it and open to the competition of the world, than the cotton which is the nearest approach to it in length of staple, the Egyptian cotton. As to the Egyptian cotton, which my friends fear so greatly, if they will take the trouble to read this monograph gotten out by the Tariff Commission, they will find that it is used for a specific, definite purpose that does not compete with our Arizona Egyptian cotton. Its fiber is different; the uses to which it is put are different, as evidenced by the fact that it is bringing a higher price to-day in the market, even with the emergency tariff duty, than the Arizona cotton. It is brought in here and sold at a higher price.

That is another illustration of the mistakes that we may make in putting duties on different forms of raw cotton. India produces 4,000,000 bales of raw cotton. It is practically under the control of Great Britain, and Great Britain uses less than 200,000 bales of that cotton in her ordinary cloth and textile manufacturing plants, because the fiber is so short and coarse and indifferent in its use that it can not enter into competition with the American middling upland cotton; so that the price that is paid per pound and the demand for a given cotton will be determined by the locality in which it is produced and the peculiar fiber as the resultant thereof.

Right in our own country you have the Mississippi or bender cotton as contradistinguished from the ordinary upland cotton. That classification is not so rigid in the general terminology used by the trade; but the mills of this country understand that cotton grown in the Delta of the Mississippi and on certain lands in Texas from the same identical seed produces a different fiber that can not be duplicated with the same seed in other parts of the country.

It is true that we have hybridized a cotton now, increasing the length of the staple by cross breeding, and we are producing in the uplands of the South Atlantic States a very high grade of extra-staple cotton; but even that extra-staple cotton partakes of the nature of the peculiar fiber produced in America that has not yet been successfully duplicated anywhere that American seed has been tried on the earth.

It is my opinion, based upon statistics which I have and which I hope to-morrow to be ready to furnish, together with what I have to say on the cotton question, that there is not a spot on the globe that can grow cotton in competition with America if quality is taken into consideration. It will be remembered that in 1863, 1864, and 1865 there was a cotton famine in America. The negroes were taken from the cotton fields, our credit was destroyed, our country was bankrupt, and American cotton went to \$1.89 per pound in gold, in the face of the fact that the production of cotton in the rest of the world was unimpaired by the Civil War. England had about 61 per cent of her liquid capital invested in cotton manufactures, and had unlimited capital to exploit a supply elsewhere. She employed Russia in this terrible famine of cotton brought about by the failure of the American cotton crop. She employed a man from my own county to take American seed, and, with his American knowledge—he was a cotton grower—to try the whole Empire of Russia as to the feasibility of producing the kind of cotton that the world must have to make clothing. After seven years of tremendous expenditure on the part of the Russian Government, the project was given up as impractical.

The same thing has been true in the English possessions in India. I will give to the Senate to-morrow a more detailed

statement, because these are facts that ought to be known to us in order to govern us intelligently in levying a duty upon a given product for the benefit of the American people. If it should be clearly demonstrated that American cotton is without a competitor, that we have a monopoly of that peculiar quality of the fiber that the world can not duplicate, I think it will go far toward modifying certain tariffs that are being asked upon the finished goods produced from American cotton. Whatever else may be said, any economist in the world must admit—speaking now according to the operation of natural law—that the man whose mill or whose manufacturing plant is right in the region of and contiguous to the supply of the raw material certainly has an advantage over the man or the manufacturer who is not so situated.

The only competitor that America has is from two to three thousand miles away, and there has to be transportation partly if not almost entirely transcontinental, because we are so situated here in America, for some reasons that doubtless we may develop later on, but which are now a fact, that cotton to be exported abroad must find other ports than the southern ports, causing a land haul that never should have been tolerated. You have to have a partial continental haul. You must have compression. There is not a cotton manufacturer but will testify that the compression of the cotton, either at the gin by the roller process or under hydraulic pressure and steam pressure, to bring it to the form that will conserve the most space in shipping, does affect the fiber. The core of a bale that has been compressed by the roller process has been found to have almost what is known as perished fiber. Next, you have the damage incident to handling. The American bale is not put up in such form as to stand the rough usage incident to transportation abroad. The result is that a tremendous per cent of the lint itself is either damaged or lost in transportation from this country abroad. In addition to that, you have two to three thousand miles of ocean transportation.

It does not seem reasonable that the world, dependent upon America for its supply of cotton for manufacturing purposes, can come to America, buy the raw material, transport it across the continent, transport it across the ocean, manufacture the goods, retransport the goods back, and undersell the product of the American manufacturer. I have tables here showing the difference in the freight rates from here to the great distributing center in Europe—namely, Liverpool—and you will note the advantage.

One of the great drawbacks to the exportation of American cotton is the fact that the per cent of damage is so great. I am calling attention to these general features in order to show that the proposed duty of 15 cents a pound on the Arizona or Yuma cotton, having a staple of  $1\frac{1}{2}$  inches, which is practically all produced in the section referred to, is not justified by the facts. According to the findings of the Tariff Commission, as I have said, and upon investigation I think my colleagues will find that that is the case, its only competitor—if competitor it is to have—will be the Egyptian cotton; and yet the Egyptian cotton with your emergency tariff in force is selling for a higher price than the Arizona cotton and finding a market for the peculiar manufactures that it enters into. The fact of the matter is, Mr. President, I am sure, that the Arizona cotton will find a ready market at its comparative value without any duty on it at all.

I do not pretend to stand here and say that any cotton sold in America is selling within 50 or 100 per cent of the intrinsic value; but that is another story. Look at the cotton manufacturers, and compare the profits that have been made by them with those that have been made by the cotton producers. I am not complaining of the profits that the mills of America have made. A man engages in a business to make what profit he can out of the business in which he engages, and he would be untrue to himself and untrue to the business if he did not get from that business all that thrift and enterprise could get out of it; but the thing that handicaps the cotton producers in America is the fact that we have no system of marketing and no system of financing that will incorporate in the sale of the cotton the cost of production plus a profit to the producer. The artificial producers are so organized that all overhead charges are included in the price current, so that when the goods are disposed of the producer gets back the cost of production plus the profit that he has placed upon them; but not so with the production of cotton and other agricultural products. The question is, What does the man or the organization or the market that is buying this stuff propose to give, regardless of cost or supply or demand, practically speaking?

It is rather an indictment of the intelligence, not alone of the cotton producers of America but of the business men, bankers, merchants, and commercial interests over this coun-

try, that Liverpool dictates and fixes the price of the world's cotton crop, America included.

According to a table I have here on cotton production in the United States, issued by the Census Bureau, 70 per cent of all the cotton produced in the world is produced in America, and about 90 per cent of all the real spinnable cotton is produced here in America. Yet the United Kingdom, solely dependent upon America for her supply of raw cotton to compete with American manufacturers, dictates the price of American cotton.

Let us get that condition clearly in our minds. Nature has given us a monopoly of the production of cotton for mill purposes, cotton preeminently superior to any the rest of the world produces for ordinary cotton goods. England was the first to establish cotton spinning as it is now known. Her progress in that respect was phenomenal. England is absolutely dependent upon America for her supply of the raw material to make cotton goods. Previous to the war we exported to England, and she consumed, something like 4,000,000 bales of American cotton. That was about the capacity of her spindles.

Were there to be an absolute failure in the American cotton crop, the English mills would have to close and the English manufacturers would be bankrupt. Sir William Capper, in an address before the cotton interests of England in 1912 or 1913, called attention to the fact that they must find some means of encouraging greater production in America. Yet here we find the curious complication of having to erect a tremendous tariff on cotton manufactures produced abroad while those manufacturing have to buy American cotton to produce those cloths.

The ordinary business man knows that there is something wrong somewhere. Where the freight alone is from \$5 to \$15 a bale, to say nothing of the shipping damage, to say nothing of marine insurance, or the ordinary insurance, the conversion abroad, and the incidental waste, and then the rebaling and shipping back, it does seem that the mere proximity of the American mills to the world's supply of cotton would be a sufficient protection to guarantee her immunity against the world. Yet there is not a schedule that has a higher rate of duty than the cotton schedule. The raw material is produced in this country, not produced by pauper labor, but produced by American farmers. I do not say they get anything like a price commensurate with the value of the stuff they produce, for they do not; but none of us can say that America produces cotton with pauper labor. We produce the raw material with American labor, on land owned by American landowners. Europe buys that stuff, converts it into the finished product, reships it, and our manufacturers complain that without a tremendous duty they can not successfully compete with their foreign competitors.

Mr. SHORTRIDGE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from California?

Mr. SMITH. Certainly.

Mr. SHORTRIDGE. Theoretically what the Senator says would seem to have great force, but as a practical fact, is it not so that the English purchaser of American cotton who purchases it at a given price, plus cost of transportation, insurance, and other incidental expenses, can and does transform the raw material into the finished product, and can ship the finished product back to America, paying the freight and other incidental expenses, if you will, and sell the finished product at a price less than the American manufacturer must charge? Is not that so as a fact, leaving theory entirely apart?

Mr. SMITH. According to the statistics, that is not so.

Mr. SHORTRIDGE. Of course, we contend the contrary.

Mr. SMITH. I have tables here, which at the proper time when we get to the other schedules I shall be glad to submit to the Senate, showing the amount of production under each schedule, the amount exported, the amount consumed here, and the value of the imported article of like kind, which will show that the goods imported in sufficient quantity to be noticeable at all are of that character of goods which, under the conditions prevailing in America, we have not found it profitable to manufacture at all, and we have not entered that domain.

There are finer counts of thread which are produced in England, and a finer character of goods. I will take as an illustration Swiss dotted goods. The American manufacturers have found that it is really hardly profitable for them to enter into that field of manufacture at all. That is a peculiar form in which the goods come. There is a considerable quantity of it, but we have not even attempted to make it, finding it more profitable to make that which is generally used. Those goods are used by a certain clientele here which is not of sufficient importance to justify our manufacturers to enter into it at this stage of American production, and they have not entered that field at all. There is no competition from this



side, unless it would be the competition of an individual buying another character of goods and substituting it for that as his choice. In other words, the American mills have nothing to offer as a substitute for that particular form of goods.

Mr. SHORTRIDGE. But are there not many comparable goods?

Mr. SMITH. No. I am speaking of those classes of goods the production of which our manufacturers have not attempted at all.

Mr. SHORTRIDGE. Just one final question, to get the view of the Senator. Are there not certain kinds of goods manufactured in England, for example, and manufactured in America, the same kind, out of the same material, by substantially the same processes? Are not those facts? If so, how does the Senator account for the fact that the English manufacturer can manufacture, ship to America, and undersell the American manufacturer? How does the Senator account for that?

Mr. SMITH. I think I will be able to show that in the goods made from thread up to 60, which comprise the vast majority of American goods, no country can manufacture and undersell America. That comprises the bulk of the cotton manufacturing.

Mr. SHORTRIDGE. I assume the Senator has taken into account the question of labor, the price paid for American labor and that paid for foreign labor?

Mr. SMITH. I am taking into account everything which enters into the goods as they are laid on the counters for sale.

Mr. SHORTRIDGE. Very well.

Mr. SMITH. I think this information will prove what I have stated. This is about as good a time as any for me to call attention to the fact that we are pleading here for a higher rate of duty, and yet it is startling to find that under some manipulation of freight rates its costs very nearly as much to ship cotton from Galveston, Tex., to Boston, Mass., as from Galveston to Bremen.

Mr. SHORTRIDGE. How does the Senator account for it?

Mr. SMITH. The only explanation I have is that there is some arrangement made with the transportation companies, as we have in this country, known as the flat rate on a given commodity, where it is converted from the raw material into the finished product. Of course, you may write this rate into the law, but I doubt very much if the cotton producers of Arizona will have the power to benefit by the 15 cents a pound, because you are going to take the price which Liverpool quotes you.

Mr. SHORTRIDGE. The Senator's contention is that it will not benefit the Arizona or the California cotton raiser?

Mr. SMITH. That is my contention.

Mr. SHORTRIDGE. Will it injure anybody; and if so, whom will it injure?

Mr. SMITH. I think it will do this—and this is the dividing line between me and some others in this Chamber: I do not believe in the doctrine of protection to the degree that we should shut out competition and have the purchasers of the goods made from this cotton paying a higher price than they would otherwise pay, when, in the last analysis, because there is a provision in this bill made to take care of it, the manufacturer will get it; the farmer will not get it, and the farmer's wife who wears the goods that are made out of the so-called protected cotton will pay into the pockets of the manufacturers the difference, while the producer will not get a penny.

Why do I say that? Simply because until the producers of the agricultural products of this country are in a position to name the prices of the things they produce, what advantage will a tariff give unless there should be a tremendous influx of goods from abroad? In that event they might get some incidental benefit by the inevitable operation of the law of supply and demand. Yet the Senator from California and other Senators here know that under modern conditions of trade the law of supply and demand scarcely operates at all.

I shall use one illustration. With the modern facilities for manufacturing steel, the cheapening of the process of manufacture in the open furnace and the blast furnace, and the adaptation of material forces to the conversion of the raw ore into the finished product, with unlimited iron ore in the world, and facilities for producing iron and steel universal, does anybody suppose that the law of supply and demand had anything to do with the arbitrary lifting of steel \$16 a ton at the behest of the steel manufacturers? Does anybody to-day suppose that the law of supply and demand has governed the rise in the price of gasoline from about 6 or 7 cents a gallon to 32 and 33 cents a gallon?

With the processes of refining being cheapened every day and the elimination of expense going on apace, and with possibly a greater stock of raw material, the world's greatest stock of raw

oil, and the best facilities for refining that the world ever knew, the price still mounts. Does the law of supply and demand alone govern that? Under modern conditions the law of supply and demand might very well be transcribed, to use the etymological meaning of the word, or might be expressed by saying the law of supply and the man, and not demand, because with organized resources, organized forces of distribution, organized control of the world's supply, the owner and holder of those franchises can dictate his price regardless of the clamor of the people or their indifference.

These are things that we must take into account in discussing these vital questions which affect the American people. The fact of the matter is that the question for us to decide along with the discussion of the bill now is, to what extent has organized capital or organized resources got its forces at work to control prices regardless of the laws we may enact?

Mr. SHORTRIDGE. Mr. President, would it interrupt the Senator if I were to ask him a question or invite his attention to a thought?

Mr. SMITH. I am glad to yield to the Senator from California.

Mr. SHORTRIDGE. Assuming what the Senator says to be correct, namely, that the law of supply and demand does not control or fix prices—

Mr. SMITH. I mean that it does not entirely control.

Mr. SHORTRIDGE. Are we not driven to the conclusion that it becomes the duty of our Government to protect our American industries—including, of course, when I use the word "industries," the people engaged in them—from those gigantic foreign combinations over which our laws do not extend and which combinations we can not control? In other words, if the Senator will permit me—and I hope he knows that I am very greatly interested in his remarks—the law of supply and demand cutting a large figure, the foreign combinations over which we have no control exercising their power, does it not become a practical, economic truth that we here in America should, for example, protect by a tariff the rice growers, the sugar growers—for example merely—and having regard to my own State, the quicksilver industry? For, to answer in a measure my own question, if we do not, then the foreign combinations can import into this country and destroy these industries. Only the people of Louisiana, the people of Arkansas, the people of California can, by changing their life and living, produce those several things as cheaply as we know they are and can be produced in foreign countries.

Mr. SMITH. Back of that lies the question which it is hardly worth our while to discuss now, and that is for what purpose would we protect the Louisiana rice grower? For what purpose would we protect the Arizona cotton grower? For what purpose would we protect anything? The only purpose we could have in view would be to produce an adequate supply for the needs of the people at a competitive price with those produced abroad, the infant industries idea. We produce rice to do what? To feed the American people. If the American people are to be denied an adequate supply of rice in order to make prosperous the rice growers of Louisiana and Texas, then we have the question, which are we going to protect, the millions of people who eat rice or the few who produce it? We must decide that question, whether we think it is a good economic proposition that the food products must forever be protected at a price which tends to increase the cost of living and impoverish the American people in order that the producers of that article may be prosperous, or whether we would rather have an abundant supply at a low cost, no matter whence it should come, for the sustaining of the life of the people.

That is the question for us to decide and not the other question. But if by a little protection an industry might be started which, under the fostering care of a little governmental help, which, even though my predecessor Calhoun was led into that trap after the War of 1812 and repented it the balance of his days—

Mr. SHORTRIDGE. He was a protectionist.

Mr. SMITH. Taking that theory, I know that there is a fundamental truth there, and I am not going to gainsay it, because the old pump in front of the first school I attended was an illustration of how we are inveigled into this question of protection. The pipe of that pump—

Mr. WATSON of Indiana. Mr. President—

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from South Carolina yield to the Senator from Indiana?

Mr. SMITH. Just let me finish my statement and I think I shall anticipate what my delightful friend from Indiana is about to say.

That pipe ran down to an inexhaustible supply of water. The pump was all right; the pipe was all right; but the old valve was loose and you could go there and pump your arm off and never get a drop of water. However, if you took a quart of water and poured in while you were pumping until you started suction you could get water enough to water the whole country. But without the quart of water you never could get a flow.

There was a basic reason and philosophy in a new country just starting to say, "Let us get the quart of water to start the flow"; but most of them have gotten where they say, "Furnish the quart all the time and we will practically quit pumping." That is where the danger lies. The whole question to me is one of what would inure to the best interests of all the American people in enriching them and adding to their power and progress.

Mr. STANLEY. Mr. President, if the Senator will permit me, I think a certain President of the United States made a very famous remark to the effect that the fellow who furnished the quart was the first fellow to get it back.

Mr. SMITH. Yes; and then he got about four-thirds of the balance of the profits.

Mr. CARAWAY. I thought the Shipping Board had the quart.

Mr. SMITH. Perhaps so. I know the general public has not gotten it. Now, Mr. President, if my good friend from Indiana desires to interrupt me, I am glad to yield to him.

Mr. WATSON of Indiana. The Senator is very kind. I do not want to ask questions about the general policy of protection or a revenue tariff, because he and I would not agree about it and we could argue here all day without reaching any agreement. But the Senator made a statement a little while ago to the effect that he is not in favor of the doctrine of protection to the degree that it would support a monopoly. I do not think he is in favor of the doctrine of protection in any degree, from the third degree up to the thirty-third degree.

But I want to ask him this question: The question now under discussion is, as we familiarly called it in committee, "long-tail" cotton. I understood the Senator to say a while ago that pima cotton raised in Arizona does not in any respect or for any purpose compete with the sakellaridis cotton raised in Egypt. Did the Senator make that statement? I could not hear distinctly whether he did or did not.

Mr. SMITH. According to the Tariff Summary of Information and the showing made, it is practically without competition with that particular form of Egyptian cotton to which the Senator refers.

Mr. WATSON of Indiana. The figures show that for all purposes in 1921 we used in the United States 159,000 bales of 500 pounds each.

Mr. SMITH. From what page is the Senator reading in the report?

Mr. WATSON of Indiana. I am reading from the report of the United States Tariff Commission, Tariff Information Series No. 27, the emergency tariff act, and long staple cotton, page 15. The Egyptian cotton in 500-pound bales consumed in 1921, in 12 months, was 159,196 bales, but of the American Egyptian cotton consumed there were 16,771 bales, or one-tenth the amount of the Arizona cotton consumed as compared with the Egyptian cotton.

Further analyzing the table, if the Senator has it before him, I will say that for tire fabrics 12,298 bales were used, while of the Egyptian cotton for tire fabrics 84,505 bales were used. I am assuming from the testimony given before the committee that the Arizona cotton is just as valuable for the purpose of making tires as the Egyptian cotton. Is that the information of the Senator?

Mr. SMITH. Yes.

Mr. WATSON of Indiana. If that be true, then why had we not better protect the American crop from competition with the Egyptian product raised at the lower price, so that we could produce and sell the whole quantity of 84,505 bales now produced in Egypt?

Mr. SMITH. The Senator is overlooking the fact that even though the Egyptian cotton can be used or may be used for tire fabric purposes, together with whatever cotton may be used or can be allowed to come from the Arizona cotton, we would still have not nearly enough—

Mr. WATSON of Indiana. That is quite true.

Mr. SMITH. Not enough to meet the demand, and in addition to that it will be found, under a table given in the same monograph, that Egyptian cotton, even for those purposes, was selling at a higher price in the American market than the Arizona cotton.

Mr. WATSON of Indiana. That is not the information adduced before the committee. However, I desire to ask the

Senator this question. Of course, before the war, which afforded a very high tariff, as we know, we produced but very little of that cotton in this country. Under the prohibitive tariff afforded by the war, it was produced to some extent in the Salt River Valley. After the emergency tariff law was enacted we went on producing that cotton in Arizona. They did produce there a large number of bales. There is some dispute about the number. Mr. Heard said, I think, 105,000 bales, and Mr. Lippitt said 92,000 bales. But be that as it may, they actually did make a sale, for the purpose of making tires, of 16,771 bales in 1921, of cotton which is just as good, according to the Senator's own statement, as the Egyptian cotton for that purpose.

Mr. SMITH. Yes.

Mr. WATSON of Indiana. If we properly protect it, could we not produce enough cotton in Arizona to supply the other 84,505 bales, which were used for tire purposes in the United States; and, if we could do that, why should we not do it?

Mr. SMITH. Although the purchasers of that character of cotton were giving a higher price for it for the uses to which it is restricted, still they did not have enough of that cotton to meet the tire demand. Practically the entire amount of Egyptian cotton which is imported is used for a different purpose. No matter how much cotton may be produced in Arizona, there will be a demand for that Arizona cotton at the price of that particular kind of cotton, and it will not enter into competition with other cotton in the ordinary uses.

To illustrate: Thousands and thousands of pounds of American upland cotton are used to make rope and cordage, because conditions are such that there may come a time when the surplus on hand will justify its use; but the short-staple India cotton and the semitropical cotton are used universally throughout the world at a fixed trade price for those purposes, while the American cotton for the other purposes brings a higher price. The same thing is true in reference to what is called the Egyptian cotton and the Arizona cotton. It is also true of the upland long-staple cotton which is being produced in the Southern States. We get a price that is not competitive for the long-staple cotton which is produced in the South Atlantic States, because it fills a peculiar place. We could use some of that for tire manufacturing purposes, but it is cheaper than the Arizona cotton and ordinarily would not come in competition with it, because it does not possess the peculiar characteristics which adapt it to that purpose.

Mr. WATSON of Indiana. Now, may I ask the Senator from South Carolina a question?

Mr. SMITH. Yes.

Mr. WATSON of Indiana. The Senator from South Carolina I know is a great authority on the question of cotton cultivation. Former Senator Lippitt stated before our committee that, I should say, within the last eight or nine years, as I recall as to the "sak" cotton, as it is ordinarily called, which is produced in Egypt, and of which there are seven or eight varieties, those varieties have been constantly changing; that the seed apparently are becoming impure; and that the higher grades of sakellaridis cotton are becoming more and more inferior from time to time, so that they are hard put to it to keep up the high quality of the "sak" cotton. Is that true?

Mr. SMITH. My information is exactly to the contrary.

Mr. WATSON of Indiana. That was former Senator Lippitt's statement.

Mr. SMITH. My information is to the effect that Great Britain, which really fosters and is in control of that production, has used the same methods which our Department of Agriculture and our progressive farmers are using, which are designed to eliminate, as far as possible, the coarser and shorter varieties and to substitute therefor the longer grades. All through the South Atlantic and Gulf States to-day there is not perhaps 10 per cent of short-staple cotton grown—I mean the very short staple—as compared with merely a few years ago. It was found that the tensile strength of the longer grade was superior; that it was cheaper in conversion than were the shorter grades; that it would stand the twist of the loom better; and it could be made into finer counts and would make finer goods. So the whole tendency the world over has been to develop a better staple of cotton. My information is that in Egypt the cotton has adapted itself to a similar development to a certain degree, but beyond that point, of course, the development can not be carried. I wish to state to the Senator from Indiana in this connection, as a matter of information which has come to me, that in India on account of the climatic and soil conditions they have been totally unable to improve the staple of cotton.

I think that everyone familiar with cotton growing will agree that the Egyptian acreage for the growth of cotton has already



been exploited; that Egypt has reached her limit in that direction; that there is no more soil there adapted to the cultivation of this particular variety of cotton; that every acre which is available for the growth of this variety of cotton has already been devoted to its cultivation. Therefore, whatever competition may be feared from that source has already reached its maximum. In view of the fact that the Arizona cotton is bringing a higher price in the American market to-day than is any competitive article or any cotton which is an approximate substitute for it, there need be no fear at all that there will be competition from the Egyptian cotton with the Arizona cotton. The reason for that Senators must understand. I will to-morrow bring in the figures in reference to the matter, if the subject is not finally disposed of to-day, to show that about 80 per cent of the aggregate of the cotton produced in Egypt is consumed in Europe; so there is only a limited supply—about 20 per cent—which can come to America. In order to get it here we shall have to give a better price than Europe is giving for this superior cotton. When we take into account the fact that sea island cotton has passed almost out of existence and cotton manufacturers are now using a great amount of the Egyptian cotton in the manufacture of thread, the great monopolies such as J. & P. Coats, the Willimantic people, the sewing-thread people, using vast amounts of this cotton, and when we consider the quantity which is being consumed in Europe, the competition of the Egyptian cotton with the Arizona cotton, though it could compete, would be absolutely negligible. There is little of the Egyptian cotton sent to America, and the only way America can get it is to offer advanced prices over what Europe is giving. That is the situation.

Mr. WATSON of Indiana. Mr. President, I think what the Senator says is quite true as to the limit of the capacity of the production of Egypt; I have no doubt about that; but we did not produce any of this cotton before the war. We began to produce it because of the prohibitive tariff afforded by the war, which amounted to an embargo, and we produced up to 105,000 bales. The testimony is that if we have sufficient protection—and we never produced any of it until protection was afforded—for a sufficient length of time we can produce enough to supply the entire American demand.

Mr. SIMMONS. Mr. President, does the Senator mean—

Mr. WATSON of Indiana. What I want to get at is this: If the statement of former Senator Lippitt be true—and I am not an authority on this question at all; I merely listened to both sides, pro and con, before the committee—but, if it be true that the quality changes in Egypt from time to time and that they may not be able to produce for a long series of years the finer grade of sakellarides cotton that is used in cotton manufactures in the United States, would it not be the part of wisdom for us to develop the production of this cotton in our country and thereby employ our own labor, invest our own capital, and utilize our own resources? We have the great western section of the country; it is a part of the United States; we have got to do something with it; cotton can be cultivated in the great Salt River Valley and, I think, beyond, in the Imperial Valley to very great advantage, and perhaps to greater advantage than other crops.

Mr. SMITH. The Senator answered his argument. I think—

Mr. WATSON of Indiana. No.

Mr. SMITH. When he said that the staple of the cotton of Egypt is deteriorating to where it will not suit the purposes of the American manufacturer and the European manufacturer, and asked if it would not be the part of wisdom on our part to develop and supply the finer grades.

Mr. WATSON of Indiana. The very best we can under protection, but we can not do it in any other way.

Mr. SMITH. Why is protection desired when there is no competition, if we can produce a staple that has no superior but the Egyptian, and the Egyptian is deteriorating? The Senator admits that the supply even now is totally inadequate for the world's demand of that kind of cotton. So what have we to fear?

Mr. WATSON of Indiana. I have just shown my friend that for the manufacture of tires we did use in one year 12,298 bales of Arizona cotton and in the same year we used 84,505 bales of Egyptian cotton.

Mr. SMITH. That is true.

Mr. WATSON of Indiana. There is, then, competition.

Mr. SMITH. No; for this reason: The Egyptian cotton was used, but all the cotton of the Arizona type that was available for that purpose was also used.

Mr. WATSON of Indiana. I do not think so.

Mr. SMITH. I shall attempt to show that to be the fact.

Mr. WATSON of Indiana. The Senator and I disagree about that.

Mr. SMITH. They used whatever amount of Egyptian cotton they could get for that purpose at a higher price than the Arizona cotton, showing that there was no competition, but just a question of supply. The amount of Egyptian cotton for this country is limited; it can not be obtained in quantity; the great bulk of it is taken abroad.

Mr. SIMMONS. Mr. President—

Mr. SMITH. If the Senator from North Carolina will bear with me for just a moment, then I will be glad to hear from him. Even in the Southern States we get an enhanced price for long-staple cotton by the millions of bales. As the length of the staple is increased, the value of the cotton is enhanced. The Senator would not pretend to say that we ought to protect the universal upland long-staple cotton of the South because it brings a better price than the other. There is no competitor for it; there is no competitor for the Arizona cotton. When it comes to the question of supply and demand, the world will take every bale that Arizona can make for the specific purposes for which it is adapted and at such prices as the users and the producers may work out, but certainly of a higher value than the ordinary cotton.

Mr. SIMMONS. Mr. President, I simply want to understand the statement made by the Senator from Indiana. I understood the Senator from Indiana to say that we never made any of this Arizona long-staple cotton until it was protected.

Mr. WATSON of Indiana. We produced a little. It was not introduced in this country until in 1901, and the production amounted to but little until 1917, when it ran up to \$6,000,000 and in 1918 to about \$11,000,000 and in 1920 to about \$20,000,000.

Mr. SIMMONS. But there was no protection on it then.

Mr. WATSON of Indiana. There was the embargo created by the war.

Mr. SIMMONS. Oh, the war embargo.

Mr. WATSON of Indiana. That was the best kind of protection, the same kind of protection which started the dye industry and 40 other industries which I might name.

Mr. SIMMONS. I think the Senator is mistaken in the statement that we did not produce a rather considerable quantity of this cotton before the war.

Mr. WATSON of Indiana. No; we did not. How much was it?

Mr. SIMMONS. I am not now in possession of the figures. Possibly the Senator from Arizona could tell us how much of this cotton we were producing before the war. My recollection is that we were producing a very considerable quantity.

Mr. SMITH. I have before me the figures of the production of Arizona cotton.

Mr. SMOOT. We were producing very little.

Mr. SIMMONS. Not as much as we are producing now, of course.

Mr. WATSON of Indiana. There were 375 bales produced in 1912, 2,000 in 1913, 6,000 in 1914, 1,000 in 1915, 3,000 in 1916, and then in the following years 1917, 1918, 1919, 1920, and 1921 the production ran up to 15,000, 36,000, 40,000, 92,000, and 37,000 bales. The Government reports the production to be 92,000 bales, while the representatives of the cotton producers in Arizona, including Mr. Heard and others, insist that they produced 105,000 bales. Of course, we will take the figures of the department and say that 92,000 bales were produced in the year given, whereas the production amounted practically to nothing or was a negligible quantity before the protection in the shape of an embargo afforded by the war.

Mr. SMITH. Mr. President, if the Senator is to be accurate, he must remember that from 1901 up to about 1907 and 1908 it was a question of pioneering. They had to understand the method of cultivation; they had to understand the method of irrigation and the selection and hybridizing of the seed. There has not been, according to the reports, a single year in which they could not dispose of the product at fancy prices.

Mr. WATSON of Indiana. I do not agree with my good friend about that. In 1920 they produced 92,000 bales. Why? Because they did not have competition from abroad; that is all. Then the competition set in after the war was over, and they began to produce less down there because of the foreign competition. According to my theory, I will say to my friend, all in the world that they need now is a protection in order to build up that industry to a point where the entire American demand will be met by the American supply.

Mr. SIMMONS. Mr. President, the Senator says the war was protection. I am not ready to admit that the war operated

as an embargo against the importation of Egyptian cotton into this country.

Mr. SMITH. It had nothing in the world to do with it.

Mr. SIMMONS. The war did operate as an embargo upon the importation of products from the Central Powers, but during the war we had communication with the Allies, and Egypt was controlled by the Allies.

Mr. SMITH. Not only did we have open exchange and interchange of goods, but we had what was known as the unified buying that supplied the Allies with their cotton. The Senator knows that we had one buyer who supplied the different ones with their raw material.

Mr. SIMMONS. There was no interruption of our transportation with Great Britain.

Mr. WATSON of Indiana. Mr. President, I call the attention of the Senator to the fact that for the year 1915-16 we imported 269,000 bales and for 1916-17, 259,000 bales. We got into the war, and what happened then? The importation ran down to 136,000 bales; then, the next year, 126,000 bales; then, as soon as the war was over, it ran up to 323,000 bales. So that it was interfered with, and our imports were not over 50 per cent of what they had been before; and when that 50 per cent from abroad was cut off we began to use the Arizona cotton to the extent of the 50 per cent which before we had been buying abroad. In other words, the prohibitive tariff afforded by the war built up the industry so that we did not import from abroad, and we did use what we made at home. Now, all that we need is to continue that condition, and we will continue to build up that industry and we will continue to use an American supply to meet an American demand.

Mr. SMITH. Mr. President, the Senator is saying that the war acted as a tariff. He must not overlook the fact that though there was no interruption of traffic between this country and Great Britain, her taking of American cotton incident to the war fell from about 4,000,000 bales to about 2,000,000 bales; but the price of the American cotton rose, even then, on account of the distribution of this cotton elsewhere. There was no interruption. The mills of this country had as free access to this cotton during the war as they had beforehand, and just after the war the price of the Egyptian cotton dropped and the price of the Arizona cotton dropped, and dropped just about in the same proportion.

Mr. WATSON of Indiana. My friend says there was no interruption. What about the submarines that swept our merchant marine practically off the sea? Here are the figures, though, showing where the imports of Egyptian cotton fell off from 269,000 bales to 126,000 bales, and in proportion as those imports of foreign cotton fell off we enhanced the production in the United States and used Arizona cotton.

Mr. SMITH. May I ask the Senator, then, why it was in 1920, when practically no Egyptian cotton was coming in here, that the Arizona cotton dropped to a point where they could not sell it?

Mr. WATSON of Indiana. Because, they claimed, of the competition.

Mr. SMITH. What competition?

Mr. WATSON of Indiana. From abroad.

Mr. SMITH. Why, there were practically no stocks of Egyptian cotton and very little coming in, and yet overnight the Arizona cotton dropped from something like \$1 a pound down to where they could not get the cost of production.

Mr. WATSON of Indiana. Not only that, but the Senator must remember that the Arizona producer behind the prohibitive wall afforded by the war began the production, and then came the fear that that tariff would be taken away.

Mr. SMITH. Oh, Mr. President, I am not going into that field, but the trade does not take into account the fear of something that may happen a year from now. If these tire men wanted a fabric for their tires and knew they could get it, do you suppose that a fear that some Egyptian cotton might come in a year from now would break the price of the Arizona cotton? The demand was on. The supply was here. There was practically no Egyptian cotton on the market, in stock or in transit, because in 1921 the Egyptian acreage was cut, and the crop was almost a failure; and yet has Arizona cotton gone up?

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. SMOOT. I think the real reason why the Arizona crop was not sold was this: The Arizona people claimed that it cost so much per pound to raise that cotton, and they did not propose to sell it for less than it cost. The Egyptian cotton came in here at a very, very much lower price on the basis of comparative quality and what the goods were to be used for—I will say to the Senator that I know what I am talking about—

Mr. CARAWAY. Then, the Senator from Indiana was wrong. The two authorities differ.

Mr. SMOOT. And, refusing to sell that product, they held it in Arizona; and, in fact, I take it for granted that the Senator from South Carolina knows that nearly every one of the people who were raising cotton down in Arizona went broke.

Mr. SMITH. So they did in the South; but the Senator here is contradicting what his colleague said. His colleague said that there was an embargo, and you got a big price.

Mr. SMOOT. On account of the war.

Mr. SMITH. On account of the war, and then they got afraid that this cotton would come in and put the price down.

Mr. WATSON of Indiana. Which they testified to before our committee.

Mr. SMITH. Very well; but here is the argument of the Senator from Utah now to the effect that the reason why it went down was because the Egyptian cotton did come in and was sold at a less price and not because they were afraid of it.

Mr. WATSON of Indiana. As far as it did come in; and the Senator's statement is exactly right and borne out by the facts.

Mr. SMOOT. And I will say to the Senator that I think the Senator from Arizona will bear me out in the statement that those people had borrowed upon that cotton more money than they could sell the cotton for at the time they were undertaking to sell it.

Mr. SMITH. All right. Now, let me take the Senator's argument. Just let me take his own argument.

Mr. SMOOT. I want the Senator to know the facts.

Mr. SMITH. All right. I want to take the facts just as the Senator gives them. Now, you have an embargo tariff on Arizona cotton. That shuts out your Egyptian cotton, unless it pays that tariff. There is the Arizona cotton for sale. The Arizona cotton, with your tariff, with the Egyptian cotton, according to one, not coming in, does not go up in spite of your tariff. If the supply of American cotton was inadequate, and by protecting it you will raise the price, because the supply is not adequate here, and you will get a good price, why did it not respond when you put on your emergency tariff, shut out the Egyptian cotton, and left the Arizona cotton to supply the demand? Why did it not go up?

Mr. SMOOT. It did respond up to about 7 cents a pound, but no more, and that was all there was in the emergency tariff bill.

Mr. SMITH. Precisely; and the short staple of the South responded 10 cents a pound. There was no tariff on that. There was no tariff on American cotton, and yet the short staple that was unprotected advanced more than the long staple that was protected.

Mr. SIMMONS. Has not the short staple advanced more than the long staple?

Mr. SMITH. That is the point I am making.

Mr. SIMMONS. Not only that which is imported but that which is produced in the United States.

Mr. SMITH. To be sure. I say that the short-staple cotton, without any tariff, open to world competition, has advanced more per pound than the Arizona cotton that is of a fine type has advanced.

Mr. SMOOT. There was more of a chance for an advance on the low-priced cotton than there was on the high-priced cotton. I think the Senator will admit that.

Mr. CARAWAY. Mr. President, as I gathered from the Senator from Indiana [Mr. WATSON] before he got scared and quit the argument, this cotton is being used for tires. Does the Senator from South Carolina know anything about the life of a tire? It was said that the manufacturer was afraid that some time in the future there might be competition from Egyptian cotton.

Mr. SMITH. The life of a tire?

Mr. CARAWAY. It must be manufactured and used within a comparatively short time or it dry rots.

Mr. SMITH. Yes.

Mr. CARAWAY. And yet that was the fear some years in the future, and it scared the Arizona cotton buyers, and they would not buy their cotton.

Mr. SMITH. In this connection, I want to read what the Tariff Commission said, after discussing this duty on this cotton:

The only conclusion to be drawn from the above is that, with the exception of two months during the dull season just after the duty went into effect, the emergency tariff act has had no effect in increasing or even in upholding the price of Pima cotton. Even during the period stated the effect was slight, inasmuch as there were few purchases, and it is to be noted that American purchases of Sakellarides were most largely during the fall, when the margin of Sakellarides over Pima was much greater. It is clear that American spinners are willing to pay a much higher price for 1½-inch Sakellarides than they are for 1½-inch Pima.



That is the very point I have been making—that the staple of the Egyptian cotton is superior to the staple of the Arizona cotton, and they are willing to pay a higher price to get the advantage of the better fiber.

In conclusion, I want to say this, Mr. President, and I shall take occasion, later on, to elaborate this point:

Any tyro, the merest schoolboy, must admit that something is radically wrong where a country such as America, with her genius for skilled production and invention, leading the world in the application of mechanical devices to the manufacture of the necessities of life, having a monopoly to the extent of 70 per cent of the actual production of all the cotton of the world and 90 per cent of that which is available for ordinary cotton cloths and yarns, with her mills in the cotton fields, can not compete with a country as highly civilized as she, whose labor organizations are as perfect as hers, whose condition of life and civilization are going *pari passu* with ours, 3,000 miles away. There is something wrong when she can come here, buy the raw material, pay the freight and the loss incident to the transportation, convert it into the finished article, bale it, with all the overhead and incidental charges, bring it back here, and sell it in competition with the American product.

Mr. CARAWAY. And, if the Senator will permit me, very largely we spin with water power, while they have to burn coal.

Mr. SMITH. Mr. President, taking the average freight cost from America abroad as being around \$10 a bale, the incidental loss in the c. i. f. contract and 30 per cent off for tare, cost, insurance, and freight will easily put it up to \$15 a bale. Then there is the cost incident to the return of the goods—I am speaking of freight alone—the cartons in which it is held, the paper in which it is wrapped, the boxes that encase it, the marine insurance and marine freight and the overland freight, and yet it is claimed that they can bring it back here and undersell the producer of the raw material! There is something radically wrong somewhere. I will guarantee the assertion that any mill man in America could prosper if you could guarantee him a profit equal to the freight on the raw material from here to Europe and the freight on the finished goods back, to say nothing of anything else.

Mr. President, I want to say that I for one want to see every pound of American cotton manufactured on American soil. I believe it is an economic waste, an economic loss, for us to send abroad in the raw state this priceless gift of the gods to the American people. We have the facilities, we have the ingenuity, we have every element that could enter into its manufacture. We have also the splendid profits which have grown out of the manufacture of this article, and I want to see the American manufacturer converting every pound of American cotton. There is no necessity for artificial aid in accomplishing that purpose. He has a monopoly of the raw material. He has more than a competitive chance in the devices for manufacturing. He has a control of both fundamentals in this proposition, and there is no reason why we should guarantee such enormous profits on the manufacture of a part as to discourage the manufacture of the whole, and it is for that I am pleading.

Mr. SIMMONS. Mr. President, before the Senator concludes I want to ask him one question, because the Senator is a great authority upon the subject he has been discussing with such enlightenment to the Senate this morning. Is it not a fact that of all the cotton goods we produce in this country only about one-fourth of them are confronted with foreign competition?

Mr. SMITH. I think it is in the neighborhood of 2 per cent, according to the best figures I can get.

Mr. SIMMONS. It is less than I thought it was. I thought the statistics bore out the fact that there was competition in about one-fifth of the manufactures of cotton goods.

Mr. SMITH. No; nothing as large as that.

Mr. SIMMONS. Let us assume the Senator is right, that the competition is very small, less than I supposed it was, that competition is almost entirely between this country and Great Britain, is it not?

Mr. SMITH. It is.

Mr. SIMMONS. And that competition is confined to the very finest quality of goods?

Mr. SMITH. That is correct.

Mr. SIMMONS. The quality of goods out of which this competition grows requires Egyptian cotton in its manufacture. That is true, is it not?

Mr. SMITH. That is true.

Mr. SIMMONS. Then we have this state of facts: We have no competition in our cotton manufacturing industry except as to a few per cent of the entire products of our mills; that competition comes almost entirely from Great Britain; the character of goods out of which that competition grows form the very

finest quality of cotton fabrics; and the fine goods out of which the competition grows are produced by the use of Egyptian cotton. If we impose a duty of 7 cents or 15 cents upon Egyptian cotton, and our manufacturers must pay that duty, while our competitor, Great Britain, does not have to pay that 7 cents a pound, or the 15 cents a pound, if we shall impose that rate, then will we not be put at a great disadvantage in competing with Great Britain in this quality of goods, not only in our own markets but in all the markets of the world, and will not that disadvantage be the disadvantage of 7 cents a pound on cotton out of which the goods are produced, if we fix the duty at 7, or if we raise it to 15, then will not that disadvantage be measured by the extent of the duty we impose upon the Egyptian cotton? In other words, the raw material out of which we must make the extra fine quality of cotton goods we have competition in will cost us 15 cents a pound more than the raw material of our competitor will cost him, not only in this market but in the markets of the world, in that line of goods.

Mr. SMITH. Granting that the quality of the cotton is equal, the researches of the Tariff Commission have shown that the Egyptians produce a long-staple cotton about one-eighth inch longer than ours, even considering the maximum length of our cotton. Then you will have shut out from the use of the American mills a finer grade of cotton which they might get at competitive prices, and prohibit them from using it, giving the foreigner not only the advantage of a cheaper price but of a cheaper price for a finer quality than you can get in America.

Mr. SIMMONS. If we can compete at all with Great Britain under these new conditions we shall have to do it by imposing a higher duty upon the British products.

Mr. SMITH. Certainly.

Mr. SIMMONS. The general consumers of the country will have to pay that higher duty upon all our imports from Great Britain, so that if the Arizona cotton producer is benefited by the 7 cents a pound—and that is very problematical—it is certain that the consumers of this country will have to pay 7 cents more for all the manufactures they buy from Great Britain.

Mr. SMITH. Of that character of goods.

Mr. SIMMONS. Yes; of that character of goods.

Mr. SMITH. That is inevitable, Mr. President, no matter what the volume of importations composed chiefly, or in part, or wholly of this character of cotton may be. If this duty goes on, every importation which comes from abroad containing this cotton must of necessity reflect that duty, or you will have no protection, and as the Senator from North Carolina has said, in order to protect the few hundred thousand bales of Arizona cotton, you will impose a duty upon the importation of goods made abroad of this character to meet that tariff and impose it on the consumers of America.

Mr. SIMMONS. If we continue to import from Great Britain under these higher rates of duty the same amount of these fine goods we now import—and we will have to do it, because we do not make them, and can not make them—

Mr. SMITH. That is true.

Mr. SIMMONS. If we continue to import the same amount we now import, and the consumers have to pay these higher rates of duty, which would be necessary, then does not the Senator think that the American consumer of this class of goods would have to pay from five to ten dollars for every dollar of benefit the Arizona producer of long-staple cotton would receive?

Mr. SMITH. That is absolutely inevitable.

Mr. SIMMONS. Even if he gets the benefit of every penny it is proposed to levy upon his cotton.

Mr. SMITH. That is true.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Montana?

Mr. SMITH. Certainly.

Mr. WALSH of Montana. I recollect that the Senator from Arizona, my esteemed friend, some time ago told us that the real difference between the cost of production of long-staple cotton in this country and in Egypt is not at all represented by the rate which he asks, but that it rises as high as 30 cents a pound. In that case if paragraphs 315, 316, and 317 remain in the bill, and the rate is fixed at 15 cents a pound on long-staple cotton, it will be the duty of the President of the United States to raise that rate to 30 cents a pound.

Mr. SMITH. Certainly.

Mr. SIMMONS. I did not catch what the Senator said.

Mr. WALSH of Montana. I recall that the Senator from Arizona told us some time ago, what I do not undertake to dispute at all, that the difference in the cost of production of long-staple cotton is not represented by 7 cents, nor even by 15 cents, but that it is as much as 30 cents a pound, and that is the difference in the cost of production. So I call attention to the

fact that if the rate is fixed by the Senate at 7 cents a pound, or even at 15 cents, under the operation of paragraphs 315, 318, and 317 it will be the duty of the President of the United States to raise the rate to 30 cents a pound, and the industries of this country, as indicated by the Senator, will be burdened by a duty not only of 7 cents a pound but of 30 cents a pound.

Mr. SIMMONS. Mr. President, what I said a little while ago about the increase in the price of these high-grade goods which we now import from Great Britain, most of which we do not make ourselves, in addition to the amount the increase will force the American consumer to pay on the imported goods, it will not be confined to the imported articles at all, but, as we know very well, the American manufacturer of goods at all comparable with them would advance his price to the same extent as the British price was advanced, and the American consumer would be again mulcted as a result of the increase in the price of the imported article.

Mr. SMITH. Mr. President, just let me state, in this connection, that the tariff investigations show that in the goods of which we have the largest importations from abroad there is no competition in this country at all. We have not established the manufacturing processes, and it has not been told why we put such an exorbitant duty upon those goods which are really noncompetitive.

Mr. SMOOT. Mr. President, I think if the Senator from Montana will reconsider the statement he has just made, he will want it modified. He said that there would be 30 cents a pound on cotton if the President exercised his power under the bill to fix a rate representing the difference between cost of production here and abroad.

Mr. WALSH of Montana. Of course he is limited by the 50 per cent provision.

Mr. SMOOT. Therefore it could not be 30 cents. If it were 7 cents, he could fix a rate of 10½ cents, if he exercised the power given him.

Mr. WALSH of Montana. If it was 15 cents, he could fix the rate at 22½ cents.

Mr. SMOOT. Yes; but not 30; and I do not think for a moment it will be 15 cents.

Mr. WALSH of Montana. If it is fixed at 7, of course the Senate must consider that it will have to be raised to 10½.

Mr. SMOOT. No; it will not have to be raised to 10½.

Mr. WALSH of Montana. Why not?

Mr. SMOOT. Simply because the question arises, when the investigation is made, as to whether there would be a justification for it. When the Senator from Arizona spoke conditions were quite different from the conditions of to-day.

Mr. WALSH of Montana. That is to say, it may be shown that 7 cents represents the difference in the cost?

Mr. SMOOT. Absolutely.

Mr. WALSH of Montana. Of course; but I am assuming it does not.

Mr. SMOOT. I think the Senator from Arizona himself will admit that conditions have greatly changed since he made the speech in which he said that would be the difference.

Mr. ASHURST. That is quite true; but I wish to get the floor as soon as I may.

Mr. WALSH of Montana. I understand the Senator from Arizona to contend that at this time it would take at least 15 cents to represent the difference in the cost of production here and abroad.

Mr. ASHURST. Yes; that is my contention.

Mr. SMITH. Mr. President, I think every student of the possible effect upon the American purchasing public of the imposition of this duty—and every Senator here ought to have studied it—will see, by looking at the table of imports of cotton goods from abroad, that the major part of those imports are composed of this very character of cotton, and they are considerable. It is interesting to note that the American manufacturer is not engaged in producing the major part of these imports.

The result of that duty is already reflected in a paragraph in the pending bill, paragraph 905a, in which, in addition to the duties imposed in paragraphs 901, 902, 903, and 905 it is provided that "there shall be paid on all yarn finer than No. 60, and on all yarns finer than No. 60 contained in threads and cloth," an additional duty of 10 cents per pound.

Now, mark you, they have imposed a duty of 10 cents a pound on all goods above 60; and the vast quantity of such goods are not restricted to these kinds, but the 10 cents a pound applies because some of them may be used in the production of 60. So immediately we are confronted with the fact that all goods produced in America, as well as those imported from abroad that have any goods in which this product enters at all, shall bear that extra duty.

Now, Mr. President, as a last word, I am convinced that my friends in Arizona are in the same condition we are in in South Carolina. They are suffering not for the lack of a tariff or for the want of a tariff but for a proper market condition. Mark my word, you have already tried the emergency tariff and got no relief. You can try this tariff, and the only relief you will get will be the pleasure of producing more cotton for the purpose of furnishing a higher tariff for the manufacturers.

Mr. SMOOT. Mr. President, I ask unanimous consent that when the Senate closes its session to-day it recess until 11 o'clock to-morrow.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ASHURST. Mr. President, I would not address the Senate now as I have heretofore discussed this subject, but after such a well-informed person as the Senator from South Carolina [Mr. SMITH] has spoken, it is incumbent upon me to say something in reply. While we may not agree with the Senator from South Carolina, we can not ignore him.

The diamond pivot around which my remarks this afternoon will revolve is a sentence found on page 10940 of the proceedings in the Senate Monday, July 10 last, in a speech by the Senator from Arkansas [Mr. ROBINSON], a Senator whose strength and courage are recognized by all. Speaking of the tariff bill he said:

If the policy that is to be written into our tariff laws is a policy of protection, I do not find myself justified as a representative of the people of the State of Arkansas in voting to discriminate against the products of that State.

Mr. President, no language that could be employed could more aptly describe the duty of Senators.

It is necessary to clear away some underbrush that is obscuring our way in order to understand the terms in the nomenclature of this cotton about which we are now talking.

The long-staple cotton grown in the Southwest is called American-Egyptian cotton, it is called Pima cotton, and it is also called Sakellarides cotton. So when I say Pima cotton I mean American-Egyptian or Sakellarides cotton.

In 1920 there were produced in the United States in the irrigated valleys of the Southwest 103,000 bales of American-Egyptian or Pima cotton.

The imports of Sakellarides cotton from Alexandria, Egypt, into the United States in the year closing August 1, 1920, was approximately 340,000 bales. The average import of this cotton for the four previous years was 120,000 bales.

It is conservatively estimated that the demand of the American manufacturers for this type of cotton, which is used principally in manufacturing cord-tire fabrics, airplane and balloon cloth, mercerized and fine cotton goods, such as dimities, lawns, voiles, fine shirtings, handkerchiefs, and threads, will average about 250,000 bales annually.

The cotton producers of the Southwest are asking for at least a sufficient duty to equalize the difference in labor and transportation costs between the wages paid the peasant laborer of Egypt of from 24 to 36 cents per day and the daily wage paid agricultural labor in the Southwest of from \$2 to \$3 per day. The transportation cost from Alexandria, Egypt, to New England manufacturing points is \$10 less per bale than the lowest rate from Phoenix, Ariz., in the center of the American-Egyptian district, to the same manufacturing points. The difference in labor cost is most vital, as approximately 60 per cent of the cost of producing this specialized long-staple cotton is for labor.

In considering the need for protection for this developing American industry, encouraged by five administrations and assisted by appropriations from every Congress since 1904, four factors should be considered:

First. Is the production within the United States of long-staple cotton of superior quality in sections proven ideal for its growth an essential national industry?

Second. Will the failure to protect long-staple cotton by reasonable tariff, sufficient to equalize the difference between the cost of the present labor of Egypt and the American agricultural labor and the difference in transportation costs, destroy the production of American-Egyptian cotton in the United States?

Third. Is it not probable that with the protection asked for we can produce in the United States within a few years, in regions proven thoroughly suited to its growth, all the long-staple cotton of this type needed by American manufacturers?

Fourth. If this industry, developed with the assistance of the Department of Agriculture, is allowed to perish through lack of the reasonable tariff protection asked for, will not our American manufacturers, needing this class of cotton, eventually pay



such a price for it as foreign nations controlling production of it may dictate?

I confine my remarks directly to these four points. First, is the production of this type of cotton an essential national industry?

I have heretofore spoken of the valuable work carried on by the Government since 1902 in developing the Pima cotton. This work covered scientific studies in Egypt, the establishment in 1906 of plant-breeding gardens in Arizona, the establishment of thorough Government standards now recognized throughout the world, an organized system of Government inspection of standardized selected seed, and a study of the most practical uses of this cotton by American manufacturers, and, finally, owing to its extreme strength, combined with lightness, its successful use after the most exacting and careful tests by the Government for our Air Service both in airplane wings and balloon cloth.

While Pima cotton has proved satisfactory in these tests, they are now working to improve methods of cooperation, specifically in marketing, and through more careful land selection, improved methods of cultivation, cleaner picking, and better ginning and baling to still further improve the standard quality of this cotton.

It is interesting to note that the Government in developing this long-staple industry in the Southwest was but reviving an ancient industry, practiced by the prehistoric peoples in the southwestern valleys.

Owing to the encouragement of the Government, aided by the conditions created during the war, and the greatly increased demand by cord-tire manufacturers the production of Pima cotton in the Southwest has grown from 3,331 bales in 1916 to a production in 1921 of 103,000 bales. The wisdom of the Government in encouraging this new southwestern industry has been shown by the fact that during this same period the inroads of the boll weevil have reduced the production of the famous sea-island cotton, almost identical with Pima in length of fiber, from 117,559 bales in 1916 to a production in 1920 of but 1,725.

Owing to the difficulty experienced during the war by the American manufacturers of cotton fabrics in obtaining Egyptian cotton, the use of American-Egyptian cotton, especially by the tire manufacturers, largely increased, and there was also a steadily increasing use by fine spinners when assured they could obtain this exceptionally long and uniformly running cotton in quantities; and an opportunity was given to prove the exceptional value of this cotton not only in airplane and balloon cloth but in other fine fabrics.

At the outbreak of the war the farmers of the Salt River Valley in Arizona were nearly ready to abandon the production of this long-staple cotton, because the low price received, below actual cost of production, was entirely out of line with its real value. The prices brought about by the war, however, encouraged the farmers to continue production, with the result that a really valuable national industry was established. In other words, the American-Egyptian long-staple industry was practically saved by the submarine.

Reference has been made to the various uses of this cotton; the bulk of it goes into what is known as cord-tire fabrics, made from No. 22 counts of yarn. Another use is in fine ginghams, made from No. 30 to No. 50 yarns; fine shirtings, made from Pima cotton of No. 60 to No. 80 yarns; while finer goods, such as voiles, dimities, stockings, mercerized goods, and fine fabrics mixed with silk, are made from No. 110 to No. 130 yarns.

A particular factor, to which attention should be given, is that Pima cotton is particularly well adapted to the various manufacturing processes, such as mercerizing, dyeing, and bleaching.

For use in all these fabrics American-Egyptian cotton has been found to be practically unexcelled and for use in airplane cloth made of No. 80 yarns it has been found nearly as satisfactory as the best of Irish linen. It is an interesting fact that cord-tire fabric made from uncombed American-Egyptian cotton shows a greater strength than fabric made from combed Sakel, an exceedingly fundamental point to the American tire manufacturer. The elasticity is also unexcelled. In the past a comparatively small proportion of fine cotton fabrics, mercerized or otherwise, has been made in the United States. The production of this class of goods is largely controlled by Great Britain; but there is every reason to believe that with the continuance in America of the production of American-Egyptian cotton our own spinners will largely increase their manufacture of fine goods, thus affording a stabilized demand for American-Egyptian, even should the demand for use in automobile tires decrease.

Egypt produces annually about 700,000 bales of Sakel cotton, sold to the manufacturers of Europe and America, and principally woven into tire fabrics.

The cost of production in 1921 in the Southwest, based on a yield of one-half bale per acre, and a basic wage of \$2 per day for agricultural labor, showing a cost to the producer of American-Egyptian Pima long-staple cotton, delivered at New England manufacturing points, of 34.83 cents per pound.

The production cost of Sakel cotton, almost identical with Pima, shipped from Alexandria, Egypt, and laid down at New England points, for this season's production, is estimated at 21.6 cents per pound.

At present Egypt produces annually about 700,000 bales of this type of cotton, America produced 103,000 bales, Peru about 5,000, the Sudan about 10,000, and Nigeria and Uganda in central Africa about 2,000 bales each in 1920. The world's demand for fabric made from fine cotton is increasing. England with a keen sense of trade advantage has definite constructive plans under way through her control of barbarous and semicivilized countries to control the long-staple cotton production of the world; and this manifest that if we allow this American industry to perish, our American manufacturers will eventually pay such a price for this essentially needed cotton as the nation or nations which control its production may demand. With remarkable vision England is laying her plans for obtaining her raw materials for the benefit of her manufacturers in those equatorial lands where native labor is unlimited and the price of production is not a factor. In his testimony before the Committee on Finance in December, 1921, Mr. D. B. Heard, of Phoenix, Ariz., said, amongst other things:

Recently I had the opportunity of conferring in England with the very able manager of the English Cotton Growing Association, who with the cooperation of the Government is spending £150,000 per annum in the development of new fields of cotton production. Mr. Humber's report to the World Cotton Conference on this remarkable development is attached hereto under the head of "Exhibit I." This organization brought about the production in Nigeria, Uganda, Sudan, and Mesopotamia last year of 80,400 bales of cotton, of which approximately 20,000 were long-staple cotton of the type referred to in this statement, and the estimate of production this year in the same countries is 146,000 bales, with an ultimate production of nearly 3,000,000 bales.

In a statement prepared in 1920 by Mr. Schofield, of the United States Department of Agriculture, on the production cost of American-Egyptian or Pima cotton in the Southwest he shows an annual production cost last season of 52½ cents. Sakel cotton from Egypt's crop of 1920 was freely offered during the past summer laid down in New Bedford and other New England points for 26 cents, which explains the reason for the recent paralysis of our American long-staple industry. While production costs in the Southwest have greatly decreased since Mr. Schofield's estimate was made, it is manifest that, even at the present low scale of wages, which is less than what could be justly considered normal, we can not produce our cotton and lay it down in New England manufacturing districts at a less price than 35 cents. With Egypt able to lay this cotton down in New England for 26 cents, it is evident that if the 20 cents per pound tariff asked for is added to the present price of Sakel Egyptian cotton, the American grower will make but a fair profit above his cost of production. Secretary of Agriculture Wallace in his recent report to the Ways and Means Committee recommended a minimum duty of 10 cents per pound on this type of cotton, and the situation now existing, as outlined above, would seem to justify the duty of 20 cents per pound asked for. It is hoped through this tariff legislation to stabilize the price of American-Egyptian cotton at from 40 cents to 45 cents per pound, thus justifying the continuation of the industry.

As the Senator from Utah stated as to the figures which I gave on the floor of the Senate about a year ago, those figures would not be appropriate at this time, because conditions have somewhat changed; but from all of the information we are able to obtain, the difference to-day in the cost of production, where it was 26 cents a pound in 1920 is now 15 cents a pound, and my colleague [Mr. CAMERON] has tendered an amendment proposing to increase the rate brought in by the committee from 7 cents per pound to 15 cents per pound, so as to equalize the difference in the cost of production.

It might interest Senators to know that in the early part of 1920 on a bale of cotton shipped from Alexandria to the New England mills the freight was \$10 per bale less than the freight upon a bale of cotton shipped from Phoenix, Ariz., to the same point.

Now, as to the kinds of cloth made from this cotton it is called luxurious or character cloth. I have here some large samples of character cloth made from Arizona-Egyptian, or Sakellarides cotton, manufactured, sold, and guaranteed by the Textile Industrial Institute of Spartanburg, S. C.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. ASHURST. I yield.

Mr. FLETCHER. I would like to inquire of the Senator what has been the effect of the imposition of a tariff duty of 7 cents a pound on cotton produced in his State? Did it cause the importations from Egypt to diminish or cease entirely, or what has been the effect?

Mr. ASHURST. Mr. President, I shall try to give the Senator the information because that is a pertinent question. I think I have the figures here from the emergency tariff information, Series No. 27, covering long-staple cotton.

Beginning with the year 1913, the United States received from Egypt in 1913, 124,634 bales; in 1914, 89,726 bales; in 1915, 176,974 bales; in 1916, 185,497 bales; in 1917, 134,891 bales; in 1918 it dropped to 75,865 bales; and in 1919 increased to 95,262 bales. Then came the disastrous year of 1920. Egypt exported to the United States 275,617 bales in 1920, and destroyed the value of the long-staple cotton crop in the Southwest. During the year 1921, 46,423 bales were imported; in other words, in 1921, 46,423 bales were imported and the year before 275,617 bales were imported; so that practically one-sixth was imported in 1921 that came in in the year 1920.

Mr. FLETCHER. The Senator, then, argues that the imposition of the duty under the emergency tariff act caused the decrease in importations?

Mr. ASHURST. Mr. President, the Senator from Florida is entitled to a frank answer, and I am going to deal with him frankly. Senators do not agree; all I can do is to state the ultimate facts. The Senator knows that in 1920 came a general debacle; mills themselves closed; and I will not attribute to the tariff the fact that we imported only one-sixth of the cotton in 1921 which we imported in 1920; I would not say that was wholly due to the tariff; but the 7 cents per pound duty of the emergency law helped us just 7 cents per pound.

Mr. FLETCHER. Just one other question or two along that line. Does the Senator from Arizona feel that the imposition of a duty upon the long-staple cotton would be a revenue-producing tariff?

Mr. ASHURST. Yes.

Mr. FLETCHER. As well as affording indirect protection, it would produce revenue?

Mr. ASHURST. Yes. If I were in charge of a tariff bill or if I were the chairman of the Committee on Ways and Means of the House of Representatives or the chairman of the Committee on Finance of the Senate, the first article I should select on which to impose a duty would be long-staple cotton. I would be entirely unembarrassed in doing so by the fact that long-staple cotton is produced in my State, but I would impose a duty because it is a splendid revenue producer.

Mr. FLETCHER. May I ask the Senator one other question, Mr. President?

Mr. ASHURST. I yield to the Senator.

Mr. FLETCHER. I feel a considerable interest in this question, because Florida produces about one-third of the sea-island or long-staple cotton, as we call it, which is produced in this country. I think South Carolina, Georgia, and Florida produce the sea-island cotton of the country. Of course, there is no real need of importing cotton from Egypt or anywhere else. We in this country can produce all of the cotton and all the kinds of cotton that are needed, and we do, of course, export large quantities. I have the impression—and I will ask the Senator from Arizona whether it conforms to his experience or observation or judgment in the matter—that the importation of Egyptian cotton takes place at the instance of manufacturers but not because they are obliged to have the Egyptian cotton. Long-staple cotton is an expensive cotton to produce; it is a 12-months' crop really. Its producers have to pay very high wages to gather it; it is more expensive to gin and prepare for market than is the short-staple cotton; it costs all the way from 30 to 50 cents a pound to produce it, and in some instances, perhaps, more; but when the long-staple cotton producer offers his cotton to the manufacturer, the manufacturer will say, "I will give you 20 cents a pound for that cotton." "Well, but," the producer says, "it is worth 40 cents." And it is worth 40 cents. But, just to illustrate, the manufacturer will say, "But that is the market price now; I will pay you 20 cents a pound; and if you do not want to take that, I will import some Egyptian cotton in order to supply my demand." Is it not a fact that the importation of Egyptian cotton is used as a club over the producer of long-staple cotton in this country to beat down the price of the producer?

Mr. ASHURST. I will try first to answer the first part of the Senator's question.

The boll weevil has exterminated the sea-island cotton.

Mr. FLETCHER. That is true to a considerable extent.

Mr. ASHURST. If it were not for Arizona and California, in 1920 we would have had but 1,700 bales of long-staple cotton; those two States—Arizona and California—came to the rescue of this country.

When our cavalymen of the clouds in the World War, like eagles with victory in their beaks and the American herald in their talons, were soaring it was the fabric from Arizona—Egyptian or Pima cotton that made the aviators feel secure. With airplane wings made of this cotton he knew he had a steed with lungs of steel and wings of finest fabric.

Mr. FLETCHER and Mr. STANLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arizona yield; and if so, to whom?

Mr. ASHURST. I yield first to the Senator from Florida.

Mr. FLETCHER. The Senator is correct about the ravages of the boll weevil, but we hope in some way or other to manage to produce a certain amount of long-staple cotton from time to time, at any rate, and I think there has been an increase in the acreage in Florida this year as compared to last year. My observations, however, had not so much reference to Florida as to the whole production, including that of Arizona as well, of long-staple cotton. My question was whether or not the manufacturers did not use the Egyptian cotton as a club to beat down the price of long-staple cotton in this country, because it came in free, and they could always say, "You will either take our price for your product or we will bring in cotton from Egypt."

Mr. ASHURST. Exactly. Here is a manufacturer in South Carolina or North Carolina, and here is a manufacturer in New England. The fact that one lives in New England and the other in the South makes no difference; they are going to get their raw material as cheaply as they may. I do not feel any resentment against the spinner of South Carolina or of North Carolina or of Massachusetts because he buys in Egypt; he wants cheap raw material, and he is opposed to a tariff on his raw material. If he can send to Egypt and get the cotton at 26 cents a pound, I do not blame him. That is a part of human nature.

Mr. FLETCHER. Mr. President, may I ask the Senator another question there, namely, whether this Egyptian cotton really competes with the sea-island cotton? In other words, the long-staple sea-island cotton is used very largely in making mercerized silk. They make the cotton cloth, and give it a caustic bath which gives it the silky texture and appearance, and then it is used for making automobile tires, and so forth. Whether this Egyptian cotton really competes or not, my contention is that the threat of importing the Egyptian cotton is used as a club to beat down the price.

Mr. ASHURST. I will say in reply to the Senator that it is comparable. I could say, but it would have a tinge of immodesty, that it is superior to the Egyptian cotton and superior to the sea-island cotton. I will not say that, although I have proof that indicates that; but let me call to the attention of the Senator what is made out of the Egyptian cotton, and he will perceive at once that they are only the most luxurious cloths. I will read them:

Sateen, pilyvolle, semivolle, dimity, transparent organdy, cotton mull, sheer nainsook, French lawn batiste, chiffon mull, poplin, warp print, fine shirting poplin, fancy piqué vesting—

Arizona cotton makes those cloths that the opulent people use and need, yet Senators hesitate about putting a duty on that which they will pay and never miss the price.

Fancy striped voile, sateen brocade, thread-stripe organdy—

Mr. FLETCHER. Is that made out of the Egyptian cotton?

Mr. ASHURST. No; that is made out of the Arizona cotton. What I am enumerating are fabrics made from the Arizona or California cotton, which, as I repeat, is comparable to your sea-island cotton and comparable to the Egyptian cotton. Listen:

Fancy leno voile, Jacquard, clip spot lawn, fancy swivel voile.

Mr. President, being such a poor French scholar, indeed having such a paucity of French, I shall not read the other names of these luxurious cloths made from this cotton.

Mr. FLETCHER. The Egyptian cotton competes with it, does it not?

Mr. ASHURST. The Egyptian cotton competes with it; yes.

Mr. OVERMAN. Mr. President, are not all these cloths made out of our cotton—the sea-island long-staple cotton?

Mr. ASHURST. This [indicating] has been handed to me with the label on it. The gentlemen engaged in producing cotton in Arizona came into my office last summer, some of them wearing clothes made out of the Pima cotton; they handed to me these specimens of this luxurious cloth, and they are men of truthfulness and high character. One of them was a strong Democrat; another was the editor of a leading Republican



paper; and they said that these luxurious cloths were made out of Pima cotton grown in the Salt River Valley.

Mr. FLETCHER. Mr. President, the question in my mind was whether the Egyptian cotton really could be used to produce the same results.

Mr. ASHURST. Of course, the ingenuity of our own American manufacturers is such that they are able at times to produce some sensational cloth that might not be produced in England or elsewhere.

Mr. OVERMAN. Mr. President, does the Senator know where the goods are manufactured that are made from this particular cotton, of which only about 130,000 bales are produced in this country?

Mr. ASHURST. This is taken from Arizona.

Mr. OVERMAN. I understand, but where are the mills located that produce it?

Mr. ASHURST. It says here:

Character cloth: Trade-mark registered March 9, 1920—

I am only reading what it says—

manufactured, sold, and guaranteed by Textile Industrial Institute, makers of character cloth, Spartanburg, S. C.

Just as the Senator, a great lawyer, presents testimony as it is brought in to him and as the witnesses state their case, I offer these samples.

Mr. President, here is some cotton which has been "stapled"; and I see Senators sitting about here who know all about cotton, Senators who were raised in the cotton States, their careers having been made and well made in cotton States. I labor, as you perceive, under some degree of embarrassment, because this is a new industry in my State. It is a new industry in the State of my affectionate friend the Senator from California [Mr. JOHNSON]. It has grown up suddenly.

Here is 1½-inch cotton. This amendment would not cover that.

Mr. SMOOT. The amendment would cover one and a half; it covers one and three-eighths and above.

Mr. ASHURST. Here are the staples: One and a half, one and nine-sixteenths, one and five-eighths, one and eleven-sixteenths.

Mr. STANLEY. Mr. President—

Mr. ASHURST. I yield.

Mr. STANLEY. Do the growers of long-staple cotton work more or less than 12 hours a day in Arizona?

Mr. ASHURST. The growing of long-staple cotton is a difficult task. I do not know as much as the Senator does about it, but I know enough to know that the growing of upland or short-staple cotton entails a considerable amount of care, prudence, and work, but the growing of long-staple cotton is even a more technical, difficult business.

Mr. STANLEY. Mr. President, that was not what I asked. I simply inquired whether the growers of this long-staple cotton work eight hours a day, as industrial labor usually does in mills and mines?

Mr. ASHURST. I will discuss that—

Mr. STANLEY. In my country the farmers work 12 hours a day on an average. The point I am making—I will be perfectly frank with the Senator—is that we produce cotton, some short-staple cotton, tobacco, corn, wheat, oats, and a thousand and one other things, and our farmers work 12 hours a day.

Mr. ASHURST. You are fortunate—only 12 hours a day.

Mr. STANLEY. I was going to say, since the Senator was speaking of working 12 hours a day in Egypt, that farm labor works 12 hours a day in my country at the lowest, and from sun to sun as a rule.

Mr. ASHURST. Let me tell the Senator—indeed, I can not tell the Senator from Kentucky anything historically, because while the other side may be proud of HENRY CABOT LODGE as a historian, we have equal pride in the Senator from Kentucky and others here. As to history, since the Senator has brought that up, let me tell him that when Cambyes went into Egypt in 525 B. C. he there found the Egyptian, the physically most perfect man the world ever saw.

Mr. SIMMONS. Mr. President, the Senator must remember that the cotton which the Egyptian produces is the finest in the world and sells for more than any other produced anywhere else in the world, and that is the cotton with which we have to compete.

Mr. ASHURST. The Senator's familiarity with cotton is great. He asserts that the Egyptian cotton is the finest in the world.

Mr. SIMMONS. The point I am making is that we compete with the price at which the cotton is sold and not with the wage which the laborer who makes it receives. The point of competition is the price, and the price of the cotton that the Egyptian makes and sells in all the markets of the world is

tremendously higher than the price of any cotton produced anywhere else. You are producing long-staple cotton now out in your State with a protection of 7 cents a pound, and yet this Egyptian cotton is selling right here in the American market to-day for 10 or 15 cents a pound more than your cotton is selling for.

Mr. ASHURST. The Senator dogmatically asserts that.

Mr. SIMMONS. I am not asserting it dogmatically.

Mr. ASHURST. Well, the Senator asserts that. He says that is the fact. Now, why does the Egyptian cotton sell higher?

Mr. SIMMONS. It is my understanding that that is a fact.

Mr. ASHURST. A university professor in Cologne says that the Pima cotton is the best in the world. I will read the statement. It only came out this morning and I have not had a chance to read all of it.

Mr. SIMMONS. Suppose it were admitted that it was the best in the world. It still does not sell as high as the Egyptian cotton, and I think I can tell the Senator one of the reasons.

Mr. ASHURST. I wish the Senator would.

Mr. SIMMONS. One of the reasons is this, that it is not a question of the length of the staple at all. Of course, you want a long staple, but the length of the staple of the Egyptian cotton is not the thing that gives it the great advantage over other long-staple cotton. If we produced here a cotton of exactly the same length of staple it would still not sell for as high as the Egyptian cotton, because the Egyptian cotton for some reason or other known to Providence and not to us is considered by all manufacturers superior to any other cotton of the same length staple produced anywhere else in the world.

It is just like the Turkish tobacco. We have tried hard in this country to raise a tobacco that would compete with the Turkish tobacco and which would be of the same value in blending with other tobaccos as the Turkish tobacco. We have used the seed, we have tried to find a climate as near like that of Greece and Macedonia and other sections where it is grown in Europe, but we have never succeeded yet. There is something in that tobacco which must be the result of the climatic conditions there which gives it a flavor, an aroma, that is entirely different from anything that can be produced anywhere else.

It is the same with reference to cotton. I was talking with an expert about it only this morning. He said it was not a matter of the length of the staple, that it was an easy matter to raise cotton in this country of the same length of staple as the Egyptian cotton, but he said there was something in the Egyptian cotton, something of value that was indescribable, but which the manufacturers thoroughly understood, which did not exist in our long-staple cotton. I am merely telling what an expert of great authority told me.

Mr. ASHURST. I am glad to have that contribution.

Mr. SMOOT. Mr. President—

Mr. ASHURST. I yield to the Senator from Utah.

Mr. SMOOT. I just want to state why the Egyptian cotton is worth more.

Mr. ASHURST. I would be glad to have the Senator tell me why.

Mr. SMOOT. The fiber of the Egyptian cotton is finer than the fiber of any other cotton known in the world and they can spin a finer yarn with the Egyptian cotton than with any other cotton in the world.

The luster on the Arizona cotton is just as good as the luster on the Egyptian cotton, but if you put the fibers of the two cottons under a magnifying glass it will tell the story immediately, and the Senator from North Carolina was right when he said that we can not account for it. When you put Egyptian cotton upon the machinery and go into the spinning room and try to draw a thread of 150 or 200 the test will come. That is where you find the advantage of the fineness of the fiber of the Egyptian cotton.

Mr. ASHURST. Mr. President, that may be true—

Mr. SMOOT. I will say to the Senator that shirtings like the samples he has just shown do not require an extra fine thread to make, and the Arizona cotton is just as good as any cotton grown in any part of the world for that purpose.

Mr. SIMMONS. Just as the short staple is just as good for certain other grades of cloth as cotton grown anywhere in the world. But this is true—and the Senator from Utah must admit it—that wherever the very finest grades of goods are to be produced the Egyptian cotton is absolutely essential to their production.

Mr. SMOOT. Wherever there is a thread to be spun above 120 you have to have the Egyptian cotton to do it successfully, just as you have to have Egyptian cotton, or a cotton with a staple of 1½ inches or above, to make a thread finer than 60 or 66.

Mr. SIMMONS. That does not imply that the long-staple cotton grown in various sections of the States, and especially in Arizona, is not exceedingly valuable in the manufacture of other cloth.

Mr. SMOOT. It is just as good as any cotton in the world.

Mr. ASHURST. Here is my able friend the senior Senator from North Carolina—

Mr. SIMMONS. I am not trying to embarrass the Senator.

Mr. ASHURST. The ability of the Senator embarrasses me. I know he would not try it willfully. His ability does it; his keenness of argument and suggestion is embarrassing to any Senator, and there is a double team against me. After he gets up and announces that the Arizona cotton is not comparable to the Egyptian cotton; that the Arizona cotton lacks that indefinable essence, and does not quite measure up to the Egyptian cotton, up jumps my friend from Utah, before whose great armory of facts I always bow, and they double-team on me and say, "The Arizona cotton is out of court."

But I have witnesses here, and I will read their statements, so that Senators may see whether the Arizona cotton is inferior to the Egyptian cotton.

Mr. SIMMONS. The Senator misunderstood me altogether. I did not mean that the Arizona cotton was not as good as any cotton in the world for the manufacture of certain classes of goods, but I did say that there is a certain other class of high-grade goods in which that cotton can not be used. If you use it you get an inferior product, and to get the high-grade cloth it is absolutely essential that you use the Egyptian cotton, and in that use there is no comparison between the Egyptian cotton and the Arizona cotton.

Mr. ASHURST. Very well.

Mr. SMOOT. I want to say to the Senator that he certainly has not a technical knowledge of the manufacture of goods, or he would not have laid to my door any attempt whatever to "bawl" him out of court. I simply state facts as they exist as to the difference between the two cottons. I did say that up to the spinning of a thread of 120, the Arizona long staple is as good as any cotton in all the world, and the finish of it is just as good as that of any cotton in all the world. But I say now to the Senator that he can not find a manufacturer in all the world who can take the Arizona long-staple cotton and spin a thread of 240.

Mr. ASHURST. Let me put in my proof now. Here is a document laid on my desk this morning through the kindness of the chairman of the Committee on Finance. I have scarcely had time to peruse it, but on page 24, in a footnote, we find a quotation from the Daily News Record, of New York City, in its issue of February 4, 1922, giving a review of the New Bedford cotton market. What does New England say? I am going to quote other countries; but what does New England say? In this document laid on my desk this morning, and which I have not had an opportunity thoroughly to peruse, I read:

Pima has commanded more than its usual share of interest among the long cottons—

That will bear a repetition—

Pima has commanded more than its usual share of interest among the long cottons. Cotton men declare that there can be no overlooking the fact that the use of Pima for fine goods is meeting with considerable favor with the mills where it has been introduced.

New England, which does not want this cotton to have a tariff, is at least fair enough to give it a good character. I do not expect New England to say it is superior to Egyptian.

But I turn now to Professor Schiertz, a textile expert. Who is this; some Senator speaking out on the hustings? No; a textile expert of the Cologne University, who has the following to say of Arizona long-staple cotton:

I have examined the samples—

Mr. President, am I reading aright? Is there not some strabismus about my sight when I see this, and see it for the first time?

I have examined the samples of Arizona cotton given me by Mr. Paar and I consider this cotton extremely adapted for replacing Egyptian cotton.

Can it be that I have read aright, after my friends here have said that the Egyptian cotton could be used for a purpose for which the Arizona cotton could not be used?

Mr. SIMMONS. Mr. President, I have no question about that.

Mr. SMOOT. That does not deny the statement I made.

Mr. ASHURST. Replace.

Mr. SMOOT. It could replace it in certain goods; in other goods it could not.

Mr. ASHURST. A Senator can not be replaced in his seat unless he is out and the other man is in. He says "replace."

Mr. SMOOT. Not all classes of goods.

Mr. ASHURST. He says "replacing Egyptian cotton."

Mr. SMOOT. The Senator can put whatever construction he wants.

Mr. ASHURST. It is not a matter of construction. It simply says that this Arizona cotton is eligible for replacing Egyptian cotton.

Mr. SIMMONS. I have no question in the world about this fact, that if you raise large quantities of this cotton it will take the place of Egyptian cotton in the production of certain things. Particularly is that true with reference to automobile tires. If we had no long-staple cotton grown in this country it would be necessary for us to go to Egypt to get the Egyptian cotton to make those tires. You can not make them with short-staple cotton. We were using Egyptian cotton to a large extent and chiefly in making automobile tires. Since we have begun to produce long-staple cotton, not only in the Senator's State but in other sections of the South, they are using that long-staple cotton to make tires instead of using the Egyptian cotton. But that does not mean that the Egyptian cotton is not absolutely necessary and that the Arizona cotton will not take its place in connection with the manufacture of the finest articles of cotton cloth.

Mr. SMOOT. I want to say to the Senator that I have no doubt but that approximately 95 per cent of all the goods manufactured from cotton in the United States, or imported into the United States, could be made of Arizona long-staple cotton. There is 5 per cent, however, that could not be made with it. Does that dispute the statement made by the professor that it could replace the Egyptian cotton? Not at all. Of course, it can replace it. Nobody is ever going to deny it. I certainly shall not.

Mr. ASHURST. Mr. President, it is not my habit, and I do not think it is the habit of anybody else in this controversy, to read a fragment of an article and not read it all. I am about to read from the pamphlet issued by the United States Tariff Commission, entitled "The emergency tariff act and long-staple cotton." It is Tariff Information, Series No. 27, page 18. This is Mr. William Paar, a Los Angeles importer, speaking. He told the officials of the Arizona Pima Cotton Growers' Association at a recent conference as follows:

German experts have declared your long-staple variety superior to Egyptian Sakell for the manufacture of certain kinds of fine textiles, such as lisle silk, imitation linens, and cotton goods for underwear.

Mr. Paar further said:

Two of Germany's foremost textile experts have passed upon the quality of Arizona cotton. Professor Johannson, recognized as the foremost cotton expert in all Germany, examined samples of Arizona cotton sent by the Arizona Pima Cotton Growers' Association. "I have never seen a raw material so suitable for the manufacture of high-class textiles, such as lisle silk for hosiery, underwear, and imitation linens," Professor Johannson was quoted as saying.

Then Professor Schiertz, of Cologne University, was quoted. But I have spent too much time on the character of the cotton.

Mr. SIMMONS. Mr. President, before the Senator concludes, will he yield to me?

Mr. ASHURST. I yield.

Mr. SIMMONS. There was a certain part of the Senator's argument about which I feel that I ought to make some observations and ask some questions. The Senator stated a little while ago that the cultivation of the long-staple cotton was exceedingly expensive and exceedingly difficult. Of course, I know nothing about the process of growing the long-staple cotton in Arizona, but I assume the process of growing it is the same as the process of growing long-staple cotton in other parts of the country. Arizona is not the only place, as I said, where it is grown. We grow it where we can in North Carolina, not quite as long a staple as in Arizona, but not so much shorter. I have grown some of it myself. There are sections of my State where a good deal of it is grown.

So far as my observation goes, the process of cultivating it is exactly the same as that of cultivating the short-staple cotton. The only difference is that we do not get quite as large a yield per acre, measured in pounds, from the long-staple as from the short-staple cotton. We get very much more for the long-staple cotton that we grow in my State than we do for the short-staple cotton. I think it will sell for probably one-third more than the short staple. I think sometimes it sells for twice as much as the short-staple cotton. But the cost of producing it is no greater than the cost of producing the short-staple cotton except that there can be produced only a little over one-half as much to the acre of the long-staple cotton.

It may be that it is produced in a different way in the Senator's State, but we simply prepare our land for it just as we do for the ordinary cotton. We plant it with machinery just as we do the short-staple cotton. We plow it in the same way; we hoe it in the same way; we pick it in the same way; and we gin



it in the same way. There is absolutely no difference. Therefore, I think the Senator is wrong when he says the process of cultivation is very difficult.

Mr. ASHURST. Of course, I suppose the same general plan of cultivation would apply.

Mr. SMITH. Mr. President, if the Senator will allow me, it is a matter of common knowledge that the Egyptian Government goes to great pains to develop and produce this Egyptian cotton. I was wondering if in this monograph, which I have not read entirely, attention was called to that fact by which any comparison could be made of the conditions under which Arizona cotton is produced in America and the other cotton is produced in Egypt. I find on page 23 the following statement:

Short-staple uplands is the basic cotton crop of the world, and prices of other cottons necessarily follow a rise or fall in the price of uplands. Such variations from the price of the basic cotton are influenced and accentuated by special factors. Pima and Egyptian cottons tend to come together in periods of low prices and to draw apart on a rising market. The Pima crop, very much smaller than the Egyptian and in a few hands, is less subject to speculation, and being more securely financed and marketed by a few large growers can hold its level better in a distress market. It is largely controlled by the Pima Cotton Growers' Association, and Government funds available through the War Finance Corporation have been used to enable the growers to hold for better prices. The Egyptian Government also assists its growers, not only by advances through the National Bank of Egypt but also by the direct purchase of cotton in periods of depression.

In other words, the Government becomes the purchaser of the cotton at a given price in order that it may not go down, and to sustain the morale of the grower as we did in the emergency when we took the wheat crop in hand.

Mr. OVERMAN. And as we tried to do in the matter of the cotton crop.

Mr. SMITH. Yes; and as they threatened to do, but went in the other direction, in reference to the cotton crop.

The Egyptian prices are affected primarily by conditions in the fine spinning industry of England, its main market, and secondarily by the American demand.

I want to call the Senator's attention to a comparison of the Boston prices of comparable grades of the Egyptian cotton and the Arizona cotton with and without the duty. He will notice, going down to the market quotations of 1922, fully good Sakel, comparable with No. 2 Pima, without the duty, 52½ cents a pound against 37 cents, a margin of the Sakel over the Pima of 22½ cents. For the February quotation we have 48 and 36. For the April quotation we have 46 against 32, and for May 48 against 35. This would seem to indicate that amongst other things the price of Egyptian cotton maintains itself firmly over the American cotton even in the American market, indicating that there is really an intrinsic difference in the grades. There is that difference, as every cotton man knows, but when everything is said and done, there is not enough of the Arizona cotton and Egyptian cotton that is available for America to meet the demands even were they interchangeable; that is, one a perfect substitute for the other. My contention is that the price of Egyptian cotton is wholly uninfluenced by the Arizona product, and the price of the Arizona cotton is wholly uninfluenced by the Egyptian product.

Mr. OVERMAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from North Carolina?

Mr. ASHURST. I yield.

Mr. OVERMAN. What is the amount of the normal crop, in bales, of Arizona and California cotton?

Mr. ASHURST. About 200,000 bales.

Mr. SHORTRIDGE. Mr. President, I merely wish to observe that thousands and hundreds of thousands of acres of land in California are adapted to the cultivation of this particular kind of cotton, and that fact ought to be borne in mind in dealing with the problem.

Mr. CAMERON. Mr. President, I had intended to make an extended argument and a further appeal on this subject, but realizing the fullness with which this has been gone into before the Finance Committee and in the Senate to-day and previously, I do not feel justified in doing so other than to point out a few facts which to my mind show the justness of our claims for protection of one of the greatest and most essential infant industries in the country. In looking around the Chamber during this discussion I note only a very few Senators present, and it seems unnecessary for me to repeat here the merits of my amendment in view of the individual conversations I have had with most of the Senators, to whom I have presented in a personal way our hopes of adequate protection for our greatest agricultural industry. I do desire, however, to read a letter written to the chairman of the Finance Committee which is concise and to the point, and which is illustrative of the fallacy of certain objections to the protection of this industry, as follows:

WASHINGTON, D. C., February 6, 1922.

Senator PORTER J. MCCUMBER,  
Chairman Finance Committee, United States Senate.

MY DEAR SENATOR: While in Providence, R. I., yesterday there was brought to my attention a statement appearing in the Providence Journal under date of February 3 to the effect that former Senator Henry F. Lippitt, of Rhode Island, had appeared before the Senate Finance Committee in opposition to the proposed duty on long-staple cotton, and in his presentation to the committee referred to certain statements which I had made as president of the Arizona Pima Cotton Growers' Association.

As you are aware, the American-Egyptian or Pima long-staple cotton, running in length from 1½ inches to 1¾ inches, is produced in the irrigated valleys of Arizona and California, principally in the Salt River Valley near Phoenix, Ariz.

Mr. Lippitt, in the article referred to, is quoted as saying that this cotton "was by no means cotton that could take the place of all of the Egyptian cotton that is imported, as much of that was of a superior quality to the Arizona cotton and would have to be used if New England was to continue to produce threads and fabrics of the highest quality."

From research work which our Cooperative Marketing Association has been carrying on in cooperation with the United States Department of Agriculture during the past 90 days, and from investigations which I have recently made in the milling district in New England, I am convinced that the American-Egyptian or Pima cotton in the condition in which it is now going into the market is fully equal in quality to the Egyptian cotton, which experts testify is now deteriorating in value, and that practically all the threads and fabrics now made in New England from Sakel or Egyptian cotton can now be made of American-Egyptian or Pima.

Up to six months ago many of the American fine spinners were of the opinion, before they had learned what changes in mechanical methods were necessary to handle Pima cotton successfully, that the use of Pima cotton was principally in coarse yarns largely used for making tire fabrics. But on the advice of experts who have been studying this remarkable Arizona-Egyptian cotton we have been making an organized effort since last September to get the Pima cotton used by those spinners who are making yarns for fine fabrics. At first some of those mills were dissatisfied with the cotton, but as they developed the proper mechanical processes for utilizing it they have found it fully as good as the Egyptian cotton. Certain of the fine fabric mills who a year ago were reluctantly trying out Pima cotton experimentally are now glad to buy it in even running lots of several hundred bales at a time. A convincing evidence that American spinners of fine yarns are to-day finding Pima cotton thoroughly satisfactory is the fact that of the 40,000 bales of Pima cotton sold since last September a very large proportion has been bought by the fine spinners. Only this week in New England I have received abundant demonstration, both from mills and brokers, that Pima cotton for use in fine fabrics is no longer an experiment but a demonstrated success.

In another portion of ex-Senator Lippitt's remarks it is indicated that Governor Campbell, of Arizona, in urging a tariff on Pima cotton predicted that in five years Arizona would produce all the cotton of this type needed by the American manufacturers. In the brief which I presented to the Senate Finance Committee on January 13 last I endeavored to make it very clear that, if given reasonable protection, the cotton producers of the Southwest, which includes those in the irrigated valleys of California as well as Arizona, would be able to produce all the cotton of this type needed by the American manufacturers, and Governor Campbell intended to have his remarks so apply and not solely to Arizona.

I also presented a map supplied by the United States Department of Agriculture showing the definite location of these irrigated sections of the Southwest where it had been demonstrated Pima cotton could be grown, aggregating nearly a million and a half acres. If about 30 per cent of this area were put into the production of Pima cotton annually, providing for a well-balanced agriculture with proper crop diversification and rotation and assuming that the average yield per acre will not exceed what has been obtained in the past, it is very evident that the production in 1920 of 103,000 bales of Pima cotton could be easily doubled.

In the report of Senator Lippitt's remarks he suggests that the growing of this cotton in the Southwest would be an extremely expensive experiment. I am glad to advise you that the growing of Pima cotton is in no sense an experiment in the irrigated Southwest, and the records of the United States Department of Agriculture will demonstrate this clearly.

It has also been gratifying to us to learn that the fine spinners who at one time questioned whether this cotton could be mercerized satisfactorily now find that in mercerized yarns it is fully as good as Sakel or Egyptian cotton, and that when properly spun and woven into fabrics it develops practically the same sheen and finish as fabrics made from Egyptian cotton.

I feel that in this matter there should be understanding, cooperation, and sympathetic interest between the manufacturers of this cotton and we who are producing it in the Southwest, and I am making the foregoing statement in no spirit of controversy but simply in an endeavor to clear up any misunderstanding that may exist on this subject and would be glad to have this letter filed as a supplement to the brief presented on January 13 last.

Faithfully yours,

DWIGHT B. HEARD.

I have read this letter, as requested, in order to show that there was no thought in the minds of the spinners or of the manufacturers of New England but that the Egyptian cotton raised in Arizona is equally as good in every respect as the cotton imported from Egypt. There is room in the Southwest for the development of this industry. We have lands enough under irrigation on which to produce all the long-staple or the Pima cotton, whatever it may be termed, to take care of all the needs of the manufacturers in this country. There can be no question about that. It would be but a helping hand, justly deserved, for the Government to assist this industry for a while just as many others have been helped in the past.

I can see no reason why Congress, while framing a tariff bill, should not in justice to a community that has been striving to produce a commodity which has heretofore been sup-

plied by a foreign country, grant the necessary protection to carry on such development and establish a new industry so essential to our well-being—one that is indispensable in time of war.

I might here appropriately add that Mr. Heard has spent months of time at an enormous expense in personally investigating this industry in all parts of the world, and is considered an authority on the subject.

Mr. President, I ask unanimous consent to have printed as an appendix to my remarks the brief presented to the Finance Committee by Mr. Heard on January 13, referred to in the letter which I have just read.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See Appendix B.)

Mr. CAMERON. I can not see the contention of the Senators opposing this meritorious duty of 16 cents, especially those of the South, for surely such a protection in no way will injure their cotton, which is wholly of a different kind. The market of one will not affect the market of the other.

One other fact I desire to have considered, which to me seems a most binding obligation, and that is during the World War the people of the Southwest were requested and urged to the point of patriotism by the Government to engage in the production and the building up of the industry of long-staple cotton with assurances that they would be protected. On these representations farms were converted into cotton fields, and no expense was spared in cultivating and producing the new product which was so essential during the war. To-day these same farmers are crying for relief, and are justly expecting the fulfillment of this moral obligation, else nothing but bankruptcy and disappointment will be their reward. Through the Agricultural Department these people were told that it was the great American policy to produce our own raw materials; that before long, as a result of this policy by the Government, all the long-staple cotton needed in this country would be produced at home. A picture was presented of a great American industry, finally self-supporting and independent, which would mean full utilization of the barren wastes of the West as a cotton country, the finest in the world; a community of homes, sound finances, and full American livelihood. Now, if this industry is not fully protected, this moral obligation not kept, I ask what will be the result when it is remembered that the people of Arizona were urged by the Government to build up a great new industry, and were later repeatedly advised by the recognized spokesmen of the Republican Party that they could rely on receiving such protection in the new tariff bill as would assure the permanent prosperity of the long-staple cotton industry? It will be recognized that a failure to protect that industry in the pending tariff legislation will be regarded by them as nothing short of a gross betrayal.

There is no one in the Senate who tries to be fairer on questions coming before this body than I; and I feel in standing here to-day and proposing my amendment I have not asked for sufficient protection when I have proposed a duty of 15 cents a pound on long-staple cotton. However, I believe the people of Arizona can get along with such a rate if it is given to them; and I believe it should be given to them; but I do not think they are asking anything that is unjust. So I hope when the Senate votes on the question this afternoon it will see fit to give us this 15 cents for which we ask and let us continue the industry and show the country what we can do in the production of long-staple cotton.

I want in conclusion to ask unanimous consent for the privilege of including in the RECORD as a part of my remarks the statements to which I have referred.

The PRESIDENT pro tempore. In the absence of objection, permission to do so is granted.

The matter referred to is as follows:

#### APPENDIX A.

##### ARIZONA LONG-STAPLE COTTON.

###### DEFINITION.

Any statutory definition of "long-staple" cotton must necessarily be arbitrary; but inasmuch as the "Sakellaridis" variety of Egyptian cotton is the product which sells on a level with the "American Pima" grown in Arizona, and the great bulk of the "Sakellaridis" staple is 1½ inches in length, it is recommended that "long-staple" cotton be defined in the tariff act as a staple not less than 1½ inches in length, although the Arizona staple has an average length of 1½ inches. In other words, unless "long-staple" cotton is described as of a length of 1½ inches or more no protection against the competing variety of Egyptian cotton would be found.

###### HISTORY.

"American Pima" cotton was developed on the Pima Indian Reservation in Arizona during the years 1902-1910 by the scientists of the United States Department of Agriculture, and in 1910 they announced

that as a result of their long experiments in plant breeding they had produced a "long-staple" cotton equal in every respect to the best Egyptian cotton. The Department of Agriculture was led to make these experiments because it had been foreseen that the ravages of the boll weevil would in time destroy the sea-island cotton industry, and it had been found impossible to grow sea-island cotton successfully on the mainland of the United States.

Following that announcement, and because of the urgent advice of the Department of Agriculture the farmers of the Salt River Valley of Arizona began growing "Pima" cotton. The development of the industry was gradual but had reached large proportions by the year 1915; and in the year 1920 the growing of "long-staple" cotton had become the chief agricultural industry in Arizona—the Salt River and Yuma Valleys being mainly devoted to its culture.

Meanwhile, however, the "Sakellaridis" cotton of Egypt, which by a strange coincidence had been developed in that country in the same year of 1910, had become the chief Egyptian article of export to the United States so that by the fall of 1920 the "Sakellaridis" cotton had become a destructive competitor, and practically all of the 1920 crop of cotton grown in the Salt River and Yuma Valleys in Arizona and amounting to some 90,000 bales remains unsold.

There are at least 200,000 bales of "Sakellaridis" cotton in American warehouses awaiting factory demands, and in view of this surplus and the incoming crop for this year in Egypt there is no hope of a living market for the Arizona growers unless an adequate protective duty be levied upon the Egyptian article. That small portion of the Arizona crop of last year which has been marketed has brought from 25 to 30 cents a pound at Phoenix and Yuma, approximately one-half the cost of production.

###### FINANCIAL DISASTER.

The cost of producing the 1920 crop of cotton was 52 cents per pound. Many millions of dollars of the funds of the local banks are tied up in the product; they have borrowed several million dollars from the Federal reserve bank, and appalling disaster awaits the people of these communities unless relief through an adequate tariff be provided.

"Long-staple" cotton is used in the manufacture of fine dress goods, fine hosiery, fine sewing thread (all luxuries), and in automobile tire fabrics. In recent years approximately 80 per cent of Arizona cotton has gone into "cord" tires.

The people of Arizona who are most familiar with trade conditions say that if Arizona cotton is properly protected the market demand and the market price will immediately improve, whereas so long as American manufacturers are assured of cheap cotton from Egypt through the years to come there will be no disposition to offer anything but a hand-to-mouth market.

###### FAITH IN PROTECTION.

Some 200,000 acres of the most valuable irrigated lands in Arizona were devoted to the growing of "long-staple" cotton in 1920. The acreage the present year is somewhat under 100,000.

Why, it may be asked, did the farmers of Arizona persist in again planting a large acreage of cotton this year when their crop of the previous year still remained unsold? The answers are:

(1) The landowners were led to believe that the Republican policy of protection would be applied to Arizona; (2) it requires two years to place cotton land into profitable production of alfalfa, and the landowners preferred to trust to the fairness and statesmanship of the American Congress; and (3) the semitropical climate and the soil of southern Arizona furnish ideal conditions for the growing of "long-staple" cotton, and these landowners are anxious to continue in this industry.

###### COMPETING CONDITIONS.

The fellahen of Egypt work 12 hours a day in growing "Sakellaridis" cotton and receive 40 cents therefor. Farm labor was paid in Arizona at the rate of \$5 per day in 1920 and will receive not less than \$3 the present year. The cost of production this year in Arizona will be at least 41 cents per pound.

The Egyptian producer is able to lay his cotton down on the American seaboard for a freight rate, Alexandria to Boston, of 60 cents per hundredweight. The Arizona grower pays in freight somewhat above \$2 a hundredweight to the same market, the Egyptian thus enjoying a differential of nearly 1½ cents per pound in freights alone. No complaint is made concerning the American freight rate. Not only must the railroads receive a revenue which will permit them to live, but they should not be deprived of the very large revenue which a continuance of the cotton industry in Arizona will give them, and that industry will languish and die if Congress denies its appeal for protection.

In the Salt River Valley and in the Yuma Valley there have been established two American communities of the very highest type.

###### PROPOSED DUTY.

For the adequate protection of the "long-staple" cotton industry in Arizona and California a duty of 20 cents per pound should be levied on all importations of the "long staple."

The development of American industries through their proper protection until they are well established and the assurances of the very best living conditions have always been cardinal Republican doctrines. To refuse protection to the infant long-staple cotton industry is to abandon these doctrines.

###### LIMITATION.

The people of Arizona for the present would be satisfied with a protective duty of 20 cents per pound, limited to five years. They are willing to trust to the wisdom of Congress in dealing with the situation at the end of the 5-year period.

###### ATTITUDE OF MANUFACTURERS.

Although the House bill carries a satisfactory duty on tire fabrics and on textiles and all other fabrics into which long-staple cotton enters, it appears that some of the manufacturers are not satisfied with such protection, but insist on the privilege of buying their raw materials from the fellahen of Egypt or from Arizona growers at a ruinous price.

###### THE CONSUMER.

As already pointed out, long-staple cotton goes almost exclusively into the manufacture of articles which are fairly classed as luxuries.

Assuming that a duty of 20 cents per pound would within another year cause the American market for long-staple cotton to advance to 40 cents per pound, it can not be held with truth that this increased price would lay a serious burden on the consumer. Certainly an added 10 cents per pound for the cotton should not add one cent to the cost of a pair of fine hose or to a spool of fine thread, or add very much to the cost of a cord tire.



## COMPENSATING DUTY.

The only argument which has been offered against a duty on long-staple cotton has been to the effect that there should be a compensatory duty on all imported articles containing the long staple, and that it is extremely difficult for customs officials to determine from inspection whether a manufactured fabric from abroad contains a staple 1½ inches long. This argument presumes the necessity of a compensating duty. But why grant the soundness of such an assumption?

The pending tariff bill provides a duty of 25 per cent ad valorem on tire fabrics and cotton fabrics generally plus an added tax based on the "thread count." If the duty thus provided is not in all conscience a sufficient protection for these manufactured articles, the American people will be slow to believe otherwise.

It is difficult to refrain from describing the demand for an added compensating duty as one of downright impudence.

In any event, whatever the difficulty in administering a law covering a "compensating" duty, the people of Arizona are willing to take their chances on securing adequate protection for their chief industry on the basis of 20 cents a pound, and they can not believe that any manufacturer will suffer seriously through failure of customs officials in any given instance to arrive at a proper classification on the basis of the "compensating" duty.

## GOVERNMENT A CREDITOR.

The Federal Government is a heavy creditor of these Arizona communities whose welfare—solvent even—is now largely at stake in the cotton industry. The Salt River Valley Water Users' Association owe to the Government on account of the Roosevelt Dam and irrigation works thereunder a round figure of \$9,500,000. There is past due and unpaid on the installment account the sum of \$203,000.

The Yuma project owes a total of \$4,700,000 in round figures.

## REVENUE.

The Government is therefore a creditor of these communities to the extent of more than \$14,000,000. In the fiscal year ended June 30, 1920, the importations of long-staple cotton from Egypt amounted in round figures to 242,000,000 pounds, while the Arizona production for the calendar year 1920 was in round figures 50,000,000 pounds.

It is assumed from all the data in hand that in normal times the home market, after absorbing all the long-staple cotton that can be produced in Arizona and California—the available acreage having about reached its maximum—would take each year 100,000,000 of Sakellaridis cotton from Egypt. A duty of 20 cents a pound would thus yield a revenue of \$20,000,000 annually.

To dwell on the importance of obtaining this added revenue from an article which goes into luxuries, while at the same time assuring prosperity and splendid living conditions to high-class American communities, would be to elaborate the obvious.

## THE GROWER A MANUFACTURER.

If it be conceded that a policy of providing free raw materials for American manufacturers has been one of the features of the doctrine of protection, there would be no violation of that principle in giving a tariff protection to the grower of American long-staple cotton. Not only is the very process of growing the cotton a technical work, calling for unusual intelligence in supervision, but in the truest sense the grower is a manufacturer. Removing the raw cotton from its bolls on the standing stalks in the field, the grower takes this raw product to the cotton gin, where under his direction the seeds are removed, the lint is prepared and then baled and returned to him, whereupon he takes his bales to the local market or himself ships them to the eastern seaboard, where the baled product goes through further processes of manufacture—sometimes many processes—before it reaches the ultimate consumer. In other words, the primary raw material in the matter of cotton is never seen by the intermediate and final manufacturers, but goes through the first processes of manufacture while still in the hands of the grower.

Why should the interests engaged in some of the later processes of manufacture receive all the fostering care of the Congress?

## MORAL OBLIGATION.

The Government is under a serious moral obligation to these communities. Through its Department of Agriculture the people of Arizona were told, substantially:

"It is the American policy to grow our own supplies. You can grow here all the 'long-staple' cotton needed by the people of the United States, thus at the same time keeping many millions of dollars at home and building up here the best sort of American homes. Go to it."

When it is remembered that the people of Arizona were urged by the Government to develop and build up a great new industry, and were later repeatedly advised by recognized spokesmen for the Republican Party that they could rely on receiving such protection in the new tariff law as would assure the permanent prosperity of the "long-staple" cotton industry, it must be recognized that failure to protect them in the pending tariff legislation would be regarded by them as nothing short of a gross betrayal.

## APPENDIX B.

## STATEMENT REGARDING PRODUCTION OF AMERICAN-EGYPTIAN OR PIMA LONG-STAPLE COTTON.

(Presented by Dwight B. Heard, Phoenix, Ariz., to subcommittee on cotton of Committee on Ways and Means, House of Representatives, Apr. 25, 1921.)

Hon. WILLIAM R. GREEN, APRIL 25, 1921.  
Chairman Subcommittee on Cotton,  
Committee on Ways and Means,  
House of Representatives.

SIR: Availing of your suggestion that I present in concise form a statement in behalf of the needs of the producers of American-Egyptian cotton, I present the following:

Statement by Dwight B. Heard, of Phoenix, Ariz., representing the Arizona Egyptian Cotton Growers' Association, the Phoenix (Ariz.) Chamber of Commerce, and the Phoenix Clearing House Association, as to the need of a protective tariff on American-Egyptian or Pima long-staple cotton.

## PRELIMINARY STATEMENT.

The American-Egyptian or Pima long-staple cotton industry, which during the past 15 years has developed as an essential national industry, now faces destruction through competition with cotton of similar type produced by the peasant labor of Egypt on a present wage scale of 40 cents per day for a 12-hour day.

This Egyptian long-staple cotton is now being laid down at New England spinning points at 26 cents per pound, almost exactly one-half

the estimated production cost of last year's American-Egyptian crop, as per a report recently furnished Congress by Mr. Wallace, Secretary of Agriculture.

In the season of 1919-20, 485,000 bales of Egyptian cotton were imported into the United States, as compared with an average importation of the previous five years of 202,000 bales. It is conservatively estimated that 70 per cent of this importation was Sakellaridis cotton, the type principally used for the manufacture of tire yarns, and which the American-grown Egyptian cotton comes in direct competition with.

The standard of living of the Egyptian peasants who furnish the labor in the cotton fields of Egypt is vastly inferior to an American standard of living. This peasant labor is exceptionally efficient. These Egyptian laborers, at the price of 40 cents per day, work from sunrise to sunset, while in Arizona, where 85 per cent of the American-Egyptian crop is grown, the cost of field labor for a nine-hour day in 1920 was \$3. It is estimated that in 1921 this will be reduced to \$2, still more than five times as large as the Egyptian wage, in view of the shorter hours in Arizona.

It is conservatively estimated that one-third of the cost of the production of long-staple cotton is involved in the picking. The cost of picking cotton in Egypt in 1920, according to the best information available, was less than \$10 per 500-pound bale, while in Arizona the cost of picking the same size bale was \$80. This situation presents an intolerable condition which can only be remedied by the reasonable protection asked. Officials of the United States Department of Agriculture have recently estimated that the cost of producing American-Egyptian Pima cotton in Arizona in 1920 on the basis of a yield of a half bale to the acre was 52.6 cents. The attached statements from well-informed Arizona growers show an estimated average cost of production in 1921 of approximately 41 cents. According to the most recent market quotations, Old World Egyptian cotton of the Sakellaridis variety, the type which most nearly corresponds to the American Pima, and which comprises about 70 per cent of the import from Egypt, is being laid down in New Bedford for 26 cents per pound. The duty asked for by American producers to maintain this industry on a living basis is about 20 cents per pound. It is evident that unless the relief asked for through a protective tariff is promptly granted the industry built up through 20 years' cooperation with the United States Department of Agriculture faces destruction.

## BRIEF HISTORY OF THE AMERICAN-EGYPTIAN COTTON.

Pima cotton was originated and developed by the Department of Agriculture as a result of plant-breeding work carried on in Arizona since 1902. A strikingly superior individual plant, selected in 1910 at the Government experimental station at Sacaton, on the Pima Indian Reservation in southern Arizona, was the parent of the Pima variety, of which 250,000 acres were grown in 1920 in Arizona and California. It is an interesting coincidence that the plant which gave rise to the Sakellaridis variety, the principal competitor of Pima, was discovered in Egypt in the same year, 1910.

Pima cotton can be successfully grown only on the irrigated lands of southern Arizona and California, where the climatic and soil conditions have proven to be exceptionally favorable for the growth of this type, which is not adapted to conditions in the eastern Cotton Belt.

The Pima cotton has an average length of staple of 1½ inches and is maintained in a high state of uniformity by careful seed selection under the supervision of the United States Department of Agriculture. It is used in the manufacture of fine dress goods, hosiery, and sewing thread, but principally in automobile tire fabrics. It is estimated that 80 per cent of the Pima crop in recent years has been used for this last purpose. In all these classes of manufacture the American-grown Egyptian cotton is in direct competition with Sakellaridis cotton imported from Egypt.

## DECLINING SEA-ISLAND PRODUCTION MAKES PIMA ESSENTIAL TO NATIONAL DEFENSE.

During the recent war exhaustive Government tests showed that the Pima cotton was a thoroughly satisfactory substitute for sea-island cotton in the manufacture of airplane wings and balloon cloth, and during the last year of the war large quantities of cloth were manufactured from Pima cotton and successfully used in the air work. The first tests of Pima cotton for this purpose were made at the suggestion of the Department of Agriculture, which pointed out that with the rapid advance of the boll weevil the sea-island crop might be suddenly wiped out, and that a substitute must be found if possible in an American-grown cotton.

Since Arizona and California are well isolated from the boll-weevil district and were producing a cotton already of extra long staple and great uniformity, which was known to be capable of substitution for sea island, an extension of Pima cotton growing in that region appeared to be a military necessity, and for that reason was especially encouraged by the Department of Agriculture in the war period. The figures given in the table showing the production of sea-island and American-Egyptian cottons during the last five years make it clear that the Department of Agriculture was thoroughly justified in calling attention to the necessity of a substitute for sea-island cotton, which now has almost disappeared from cultivation. If the war had been prolonged even for another year the Pima cotton would have become the sole reliance for this vital purpose.

Partly as a result of stimulation by the Government during the war the acreage of Pima cotton has been greatly expanded during the last two years, and with the sudden slump in the market in 1920 the growers have been left with fully 90 per cent of their last crop unsold. The danger is very great that unless adequate protection is furnished against the competition of cheaply grown foreign cotton this highly specialized cotton, which recent experience has shown to be essential to the national defense, will disappear.

With the sea-island cotton practically gone, this country would be entirely dependent on foreign sources of supply:

Statement of the production of Pima and sea-island cottons in bales during the past 5 years.

## AMERICAN-EGYPTIAN.

Year.	Pima. <sup>1</sup>	Sea island. <sup>2</sup>
1916.....	3,331	117,539
1917.....	15,965	92,619
1918.....	40,343	52,208
1919.....	42,374	6,916
1920.....	31,965	1,725

<sup>1</sup> 500-pound bales.

<sup>2</sup> 400-pound bales.

Estimated imports of Sakellaridis Egyptian cotton in equivalent 500-pound bales during the past five years.

	Bales (500 pounds).
1915-16	204,000
1916-17	119,000
1917-18	80,000
1918-19	70,000
1919-20	340,000

## COST OF PRODUCTION.

In a very carefully prepared statement recently issued by Mr. C. S. Scofield, of the United States Department of Agriculture, based on a yield of a half bale to the acre in the Salt River Valley of Arizona, where about 85 per cent of the Pima cotton is produced, a production cost is shown for the season of 1920 of 52.6 cents per pound. Owing to reductions which have already occurred in the price of field labor and estimated reductions which are anticipated in the cost of picking and ginning Pima cotton for next season, it is estimated that the cost of production in 1921 on the basis of a half bale to the acre will be at least 42 cents.

It will be observed that if the 20 cents per pound tariff asked for is added to the present delivered price of Egyptian Sakellaridis cotton in New England, the American grower would make only a very small profit above cost of production. It is hoped by this legislation to stabilize the price of American-Egyptian Pima cotton so as to justify continuing the American industry based on a price of approximately 50 cents to the producer.

The attached statements, Exhibits A, B, and C, of estimated cost of production in the Salt River Valley of Arizona for 1921, made by Mr. W. S. Stevens, president of the Arizona American-Egyptian Cotton Growers' Association, Mr. Charles M. Smith, a grower who keeps exceptionally accurate records, and the writer, who has grown this type of cotton for the past five years, are presented for the purpose of giving detailed estimates as to the cost of production for 1921.

On the Salt River Valley reclamation project in Arizona 186,000 acres were farmed in Pima cotton in 1920, on which a crop of 72,000 500-pound bales were produced. Confronted, as they have been during the recent months, with a price for this cotton far below its cost of production, the majority of the producers, through the assistance of the banks, have held on to their cotton, anticipating a relief from the existing situation, and it is estimated that 67,000 bales of this crop still remain in the hands of the producers. This situation illustrates the urgent need for immediate relief.

The emergency tariff bill, as passed by the House of Representatives on April 15, 1921, and now before the Committee on Finance of the Senate, in paragraph 16 contains the following clause as to the protection duty on long-staple cotton:

"Cotton having a staple of 1½ inches or more in length, 7 cents per pound."

It is evident that the above is not adequate to protect this industry on the basis of American standards of living. In the report of April 13, 1921, in connection with this emergency tariff bill, on page 20, the Bureau of Markets of the Department of Agriculture definitely recommends a duty of not less than 10 cents per pound, making the following statements:

"(4) Large areas of land in this country are available for the production of extra-staple cotton, but because of the costs of reclamation, irrigation, and the higher standards of living, and the cost of labor the cost of production of such cotton in the United States is high, and our producers need a protective tariff to equalize the cost of production abroad with that in the United States.

"(6) In the table following are presented quotations on the selling price of Sakellaridis Egyptian and American Egyptian cottons. It will be observed that on March 15 the price of fully good Sakellaridis was 35½ cents and good fair Sakellaridis 26½ cents c. l. f., landed Boston, and that American Egyptian cotton of No. 2 grade was quoted at 26½ cents and No. 3 grade at 25½ cents, landed Boston. Such prices are far below the estimated cost of production of cotton in Arizona and California. It should be pointed out further from the table that the prices of good fair Sakellaridis and No. 2 Arizona Egyptian have been practically identical since November 13 last. In other words, the price of good fair Sakellaridis seems to fix the price of American Egyptian cotton.

"(9) Producers of long-staple cotton have faced adverse market conditions in the sale of last year's crop and are said to have on hand a large part of last year's production. Accordingly, it is believed that the producer would receive the benefit of whatever protection that might be conferred by the proposed tariff measure."

I am presenting the foregoing statement at the request of the Arizona American-Egyptian Cotton Growers' Association, the Phoenix Chamber of Commerce, and the Clearing House Association of Phoenix, whose letters in this connection are attached herewith. In this statement I have endeavored to present figures and facts as to this industry whose existence is so seriously threatened, and in view of the fact that through some misunderstanding the producers of American-Egyptian cotton had no opportunity to present their case before the Committee on Ways and Means of the House. I trust opportunity may be found before the emergency bill passes the Senate to increase the duty on long-staple cotton from 7 cents to the 20 cents so urgently needed.

Very respectfully,

DWIGHT B. HEARD.

## EXHIBIT A.

ARIZONA AMERICAN-EGYPTIAN COTTON GROWERS' ASSOCIATION,  
Phoenix, Ariz., April 14, 1921.

MR. DWIGHT B. HEARD,  
Phoenix, Ariz.

MY DEAR MR. HEARD: Complying with your request to make up an additional statement of cost for producing cotton in 1921, as I view the situation, I submit as follows:

There is such a wide difference in the ideas of rental values that I have eliminated this altogether, considering a man that is working on payment of one-fourth of his crop as rent. I have eliminated, as far as possible, the question of diversified farming, in that a portion of the crops produced might be used in feeding and caring for the stock of the grower.

I am taking as a basis an exceptionally good man with an exceptionally good team, and giving him all the land that such a man can possibly handle under favorable circumstances, which is 50 acres. I am considering that this man and his one team do all the work of preparing and planting, cultivating, supervising, picking, and deliver the cotton to the gin. In handling this acreage he will have no time

whatever to do any hoeing or irrigating. This is provided in moderate charges. We have considered the cost of picking on the pre-war basis, which is really less than it should be, when we consider the fact that shoes are 100 per cent more than four years ago, and that provisions and clothing have not anywhere near been reduced to pre-war basis.

This man and his team are allowed \$1,200 for the year. Out of this \$1,200 the man's only living expense, or his wage and feed for his team, are all included. This man and his team is far above the average in being thoroughly able to cultivate and handle 50 acres of land, but I am considering the average yield to be the actual average being produced in our valley since Pima cotton has been introduced, which has been one-half bale per acre. Of course, we have exceptional cases where people may average better than one-half bale for several years, but this is offset wherein just as many farmers produce less than one-half bale for the same period of time, because they are liable to the losses incurred from hail storms, black arm, root rot, and other troubles, so that, on the whole, I think that this is a very conservative estimate of the average cost for the year 1921:

A man and team, 1 year	\$1,200.00
Irrigation water, at \$3.75 per acre	187.50
Planting seed, \$1 per acre	50.00
Hoeing, including thinning, at \$7 per acre	350.00
Expense of irrigation, \$3 per acre	150.00
Implements, \$250; depreciation only	50.00
Shop work	25.00
Incidentals, including sacks, tents, etc.	100.00
Ginning 25 bales, at \$20	500.00
Picking 25 bales, at 3 cents per pound	1,500.00

Total, less 11½ tons of seed at \$20..... 4,112.50  
225.00

Total cost of 18½ bales, 6½ having been paid as rent..... 3,887.50

Cost per pound, \$0.413.

Very truly,

W. S. STEVENS.

## EXHIBIT B.

APRIL 14, 1921.

MR. DWIGHT B. HEARD,  
Phoenix, Ariz.

DEAR MR. HEARD: The following is my estimate of the cost of production of Pima cotton in the Salt River Valley for 1921:

## ESTIMATED COST OF PRODUCTION, 80 ACRES COTTON, SEASON 1921.

Based on low-wage scale of \$3 per day, including board—cheap horse feed, but no allowance for horses when not actually employed, nor for man when he is not actually in field:

Plowing, at \$3.75 per acre	\$300
Disking after plowing, at 80 cents per acre	64
Dragging twice, at \$2	160
Labor, irrigating before and after plowing	54
Disking before planting, at 80 cents	64
Planting, at 70 cents per acre	56
Cultipacker, at 50 cents per acre	40
Cultivating about 8 times, including furrowing, at 70 cents	448
Chopping, at \$1.25 per acre	100
Hoeing twice, at \$1.50 per acre	240
Labor, irrigation, four times after planting	60
Planting seed	40
Depreciation in equipment	150
Incidental expenses	250
Irrigation water, 3 acre-feet, at \$7.50 per acre	600
Taxes, State and county, at \$5 per acre	400

Estimated cost to picking time	3,026
Picking, basis one-half bale per acre, at 3 cents per pound	2,400
Ginning, basis one-half bale per acre, at \$20 a bale	800
Overhead, including tents, sacks, wood insurance, hauling cotton to gin, etc., at three-fourths cent per pound seed cotton	600

Total as above..... 6,826

Actual cost of production (labor only), 34 cents per pound.

[IMPORTANT NOTE.—The above does not include any land rent or interest on land investment; does not allow anything for living expenses while farmer is not in field; nothing for ditch cleaning, keeping up fences, etc. On above basis 45 cents per pound would mean ultra-conservative cost of production, 1921.]

CHAS. M. SMITH.

## EXHIBIT C.

APRIL 21, 1921.

Estimate of Dwight B. Heard, of Phoenix, Ariz., as to cost of production of American-Egyptian (Pima) cotton, under the Salt River reclamation project, Arizona, for season of 1921, cost per acre, based on production of one-half bale to an acre and present cost of labor and supplies:

Annual payment to United States Government, due on Roosevelt Dam and Salt River Valley projects	\$2.00
Taxes on basis average assessed on location \$183 per acre and average combined State, county, school, high school, and road district tax of \$2.50	4.57
Irrigation water service based on annual use of 3 acre-feet	3.60
Seed for planting, select Government-inspected seed, at 2 cents per pound; 30 pounds per acre	.60
Labor for irrigating once before planting, six times after plowing, at 30 cents per acre	2.10
Plowing, per acre	4.50
Harrowing, twice, at \$1	2.00
Dragging, twice, \$1	2.00
Planting, 75 cents	.75
Rolling, 75 cents	.75
Seven cultivations, including furrowing out	5.60
Chopping or thinning	1.25
Average summer hoeing, cost per acre	7.50

Expense per acre to picking time..... 37.22

Picking 1,000 pounds seed cotton, equaling one-half bale of lint, at 3 cents per pound	\$30.00
Ginning one-half bale of cotton, at \$20	10.00
Transport to gin of seed cotton, 5 cents per 100 pounds	.50



Overhead and incidental expenses per acre, including tents and wood for pickers, depreciation on machinery, shop work, picking sacks, insurances based on 10 cents per pound of seed cotton-----	\$7.00
	\$47.50
	84.72
Deduct value of cotton seed, 750 pounds, to each 1,000 pounds of seed cotton at value of \$16 per ton-----	6.00
Net cost of producing one-half bale of 250 pounds of Pima long staple cotton lint, per acre-----	78.72
Cost per pound, Pima lint cotton, exclusive of any return on value of land-----	.3149
Figuring a revenue on the land of but \$20 per acre would add 8 cents to production cost of lint cotton and make the actual production cost per pound of Pima cotton lint-----	.3949

PHOENIX, ARIZ., April 14, 1921.

Hon. J. W. FORDNEY,  
Chairman Ways and Means Committee,  
House of Representatives, Washington, D. C.

DEAR SIR: From the standpoint of safeguarding the financial interests of the Salt River Valley of Arizona, the Phoenix Clearing House Association is vitally interested in the proposal to enact a protective tariff on American-Egyptian Pima long-staple cotton. This is a special type of cotton developed by the United States Department of Agriculture through an experimental stage of 12 years or more, and which has become known to the cotton trade at large as the equal of any cotton in the world. This type of cotton has been extensively used for the manufacture of tire fabric, on account of its superior length of staple and high tensile strength.

Last year in the Salt River Valley 185,000 acres were planted to long-staple cotton, with a resulting yield of more than 72,000 bales. Estimates place the cost of last year's crop at about 60 cents per pound. No general market has so far developed for the staple, and the few sales made during recent weeks have ranged from 24 cents to 30 cents per pound, basis No. 2.

Salt River Valley is especially adapted to the growing of long-staple cotton. The cultivation of this staple is restricted to a few valleys in the Southwest, where the length of the growing season permits the development of the fiber and general cultural conditions are favorable.

It seems important that some steps be taken to insure the permanence of this new industry in the Southwest, which is just beginning to supply a growing demand for this superior type of cotton.

In order that the industry may survive, the growers of Arizona and California need the benefit of a protective tariff of a sufficient amount to enable them to compete with Egyptian Sakellaridis cotton, produced in Egypt by native labor on a wage scale entirely out of harmony with the American standard of living.

The Phoenix Clearing House Association in special meeting hereby earnestly advocates the adoption of a protective tariff on American-Egyptian Pima long-staple cotton of 20 cents per pound.

Mr. Dwight B. Heard, representing the Arizona American-Egyptian Cotton Growers' Association and the Phoenix Chamber of Commerce, will appear before your committee in behalf of the foregoing proposal. Mr. Heard is fully qualified to speak for the cotton growers of the Southwest, and we bespeak for him your most favorable consideration.

Yours respectfully,

THE PHOENIX CLEARING HOUSE ASSOCIATION,  
By B. E. MOORE, Vice President.

THE PHOENIX CHAMBER OF COMMERCE,  
Phoenix, Ariz., April 14, 1921.

Hon. DWIGHT B. HEARD,  
Heard Building, Phoenix, Ariz.

MY DEAR MR. HEARD: We are glad to have you represent the Phoenix Chamber of Commerce, with a membership of 1,100, at any and all meetings held in Washington in connection with the tariff or any other subject vital to this section of the Southwest.

This is to advise you that you have been appointed as the general official representative of this organization at the board of directors' meeting held to-day, April 14.

Yours very truly,

W. W. LAWHON, President.  
HARRY WELCH, Secretary.

ARIZONA AMERICAN-EGYPTIAN COTTON GROWERS' ASSOCIATION,  
Phoenix, Ariz., April 14, 1921.

Hon. JOHN W. FORDNEY,  
Chairman Ways and Means Committee,  
Washington, D. C.

DEAR SIR: We have succeeded in getting the bearer of this message, Hon. Dwight B. Heard, to make the trip to Washington to impress upon your committee the imperative need of quick action to prevent the dumping of Egyptian cotton upon our market.

If we fail to get immediate relief, the cotton producers in Arizona will be absolutely ruined. They have practically all of the 1920 crop on hand waiting and hoping that you will be able to pass an emergency tariff law that will stop further importations of Egyptian cotton and thereby insure a price on their cotton that will, in a measure, equal the cost of production.

It cost approximately 71 cents per pound to produce this crop, which, of course, was far above the cost of previous years. It will cost, on an average, about 40 cents per pound to produce the 1921 crop, and we should be entitled to a reasonable profit over and above this price; and in line with the profits made in other business, think that a price of approximately 60 cents per pound should be realized on our cotton, which is the finest cotton produced in the world.

We earnestly urge you to use every possible effort to get this emergency tariff law amended, to provide that we may have a tariff of not less than 20 cents per pound.

On behalf of the great number of cotton growers, together with their wives and children, who will be absolutely destitute if this measure fails, we urge you to insist on the amendment as suggested.

Thanking you heartily, I am,

Very truly,

ARIZONA AMERICAN-EGYPTIAN COTTON GROWERS' ASSOCIATION,  
By W. S. STEVENS, President.

The PRESIDENT pro tempore. The question is upon the amendment proposed by the junior Senator from Arizona [Mr. CAMERON] to the amendment of the Committee on Finance. The Secretary will call the roll on the amendment to the amendment.

Mr. CAMERON (when his name was called). I have a general pair with the junior Senator from Georgia [Mr. WATSON]. I transfer that pair to the junior Senator from Colorado [Mr. NICHOLSON] and vote "yea."

Mr. OVERMAN (when his name was called). Noticing the absence of my general pair, the senior Senator from Wyoming [Mr. WARREN], I transfer that pair to the Senator from Missouri [Mr. REED], and vote "nay."

Mr. ROBINSON (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. SUTHERLAND] to the Senator from Rhode Island [Mr. GERRY] and vote "nay."

Mr. WATSON of Indiana (when his name was called). I transfer my general pair with the senior Senator from Mississippi [Mr. WILLIAMS] to the senior Senator from Pennsylvania [Mr. CROW] and vote "nay."

Mr. WILLIS (when his name was called). I am paired for the day with my colleague, the senior Senator from Ohio [Mr. POMERENE]. I transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD] and will vote. I vote "yea."

The roll call was concluded.

Mr. UNDERWOOD. I wish to announce that the Senator from Mississippi [Mr. HARRISON] is paired with the Senator from West Virginia [Mr. ELKINS]. If he were present, the Senator from Mississippi would vote "nay."

Mr. NEW. I transfer my pair with the Senator from Tennessee [Mr. MCKELLAR] to the junior Senator from Iowa [Mr. RAWSON] and vote "yea."

Mr. GLASS. I transfer my general pair with the senior Senator from Vermont [Mr. DILLINGHAM] to the senior Senator from Texas [Mr. CULBERSON] and will vote. I vote "nay."

Mr. JONES of Washington (after having voted in the affirmative). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent, and I promised to pair with him for the afternoon. I find, however, that I can transfer that pair to the junior Senator from Oregon [Mr. STANFIELD]. I do so, and allow my vote to stand.

Mr. WALSH of Montana (after having voted in the negative). I observe that the Senator from New Jersey [Mr. FRELINGHUYSEN], with whom I have a pair, has not voted. I transfer that pair to the Senator from Nebraska [Mr. HITCHCOCK] and allow my vote to stand.

Mr. WATSON of Indiana (after having voted in the negative). I am informed that my pair, the senior Senator from Mississippi [Mr. WILLIAMS], if present would vote as I have voted. Therefore I withdraw the announcement of the transfer of my pair and permit my vote to stand.

Mr. SIMMONS. Mr. President, I wish to inquire whether the Senator from Ohio [Mr. WILLIS] has voted.

The PRESIDENT pro tempore. The Senator from Ohio has voted.

Mr. SIMMONS. The senior Senator from Ohio [Mr. POMERENE] is paired with the junior Senator from Ohio [Mr. WILLIS]. If the senior Senator from Ohio were present he would vote "nay."

Mr. CURTIS. I desire to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON]; and

The Senator from North Dakota [Mr. McCUMBER] with the Senator from Utah [Mr. KING].

The result was announced—yeas 14, nays 41, as follows:

#### YEAS—14.

Ashurst	Gooding	McKinley	Shortridge
Bursum	Johnson	McNary	Willis
Cameron	Jones, Wash.	New	
Capper	Ladd	Oddie	

#### NAYS—41.

Borah	Glass	Overman	Sterling
Brandegge	Harris	Pepper	Townsend
Calder	Hefin	Phipps	Trammell
Caraway	Kellogg	Ransdell	Underwood
Cole	Kendrick	Robinson	Wadsworth
Cummins	Keyes	Sheppard	Walsh, Mass.
Curtis	Lenroot	Simmons	Walsh, Mont.
Dial	Lodge	Smith	Watson, Ind.
du Pont	McLean	Smoot	
Ernst	Moses	Spencer	
France	Nelson	Stanley	

#### NOT VOTING—41.

Ball	Culbertson	Elkins	Frelinghuysen
Broussard	Dillingham	Fernald	Gerry
Crow	Edge	Fletcher	Hale

Harrell	McKellar	Pittman	Swanson
Harrison	Myers	Poinexter	Warren
Hitchcock	Newberry	Pomerene	Watson, Ga.
Jones, N. Mex.	Nicholson	Rawson	Weller
King	Norbeck	Reed	Williams
La Follette	Norris	Shields	
McCormick	Owen	Stanfield	
McCumber	Page	Sutherland	

So Mr. CAMERON's amendment to the amendment of the committee was rejected.

Mr. ASHURST. Mr. President, the Senate having declined to adopt the amendment fixing the duty at 15 cents per pound, I now offer the amendment which I send to the desk, providing for a duty of 10 cents per pound.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On line 19 it is proposed to strike out "7" and insert "10."

Mr. ASHURST. I ask for the yeas and nays on that amendment.

The yeas and nays were ordered.

Mr. SIMMONS. Mr. President, I wish to put in the RECORD, without reading, a letter which I have received upon this subject from Mr. Frederick H. Andres, who, I understand, is treasurer of the Frederick H. Andres Co. (Inc.), of Boston, Mass. This letter I put in the RECORD because it sustains absolutely the contention that has been made upon the floor by the opponents of the amendment we have just voted upon, which is now presented in a new form, to the effect that there is no real competition between the Egyptian cotton and the Pima cotton grown in Arizona, and that the Egyptian cotton to-day, with a duty of 7 cents upon it, sells in the American market for very much more than the long-staple cotton of Arizona.

The PRESIDENT pro tempore. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

FREDERICK H. ANDRES (INC.),  
Boston, Mass., June 29, 1922.

HON. FURNIFOLD MCL. SIMMONS,  
Member Committee on Finance,  
United States Senate, Washington, D. C.

DEAR SENATOR: I would like to point out to you the folly of the duty of 7 cents per pound on foreign cotton of 1½-inch staple at present in force through the emergency tariff bill and embodied in the permanent tariff bill at present before Congress.

The plea of our Arizona cousins for protection was that their product, which was equal in every respect to that of Egypt, could not compete with Egyptian cotton, owing to the cheaper labor of Egypt. With a duty on this foreign cotton they would be able to get the equivalent of the duty more for their cotton, which would in a measure compensate them for the difference in the cost of production.

That looked all very fine, but what did actually happen?

At no time since this duty on foreign cotton went into effect did Pima cotton sell on a parity with Egyptian Sakellarides, which is the 1½-inch variety. To-day the much-advertised Pima cotton goes begging at 34 cents, while we are actually selling Egyptian Sakellarides of equal grade and staple at 45 cents, including the duty of 7 cents.

This difference has varied according to supply and demand, but at no time did these cottons sell at the same price since the duty was imposed. Previous to the tariff they did sell fairly close together and for some time Pima was higher than Egyptian Sakellarides. As I pointed out in my arguments of February 2 and February 9 addressed to your committee, copies of which I sent you, Pima cotton must rest on its own bottom, and its selling price has absolutely nothing to do with the price of Egyptian. It is entirely controlled by supply and demand.

No duty on foreign cotton will help our cousins in Arizona.

The only difference that such a duty makes is to saddle the long-suffering public with a higher cost of material. What the Government collects in revenue out of the duty will not pay them for the extra work entailed. But the public pays not only the 7 cents per pound, but four or five fold that 7 cents. How much do you figure 7 cents per pound on cotton would figure in a pair of ladies' mercerized cotton hose? I would say no more than 1 cent per pair, or, say, 12 cents per dozen. The jobber will offer these goods to the retailer at, say, 12 cents per dozen more than the Pima product, but do you think the retailer will sell them at the same price as the Pima goods, or even 1 cent per pair more? No; he will add 5 cents at least to the price, or five times the difference it costs him.

Another point which we might make is that 100/2 mercerized English yarn is sold here for \$2.10, against the domestic price of \$2.30 per pound. One of the reasons for this difference is the 7 cents per pound which the American manufacturers are obliged to pay for the Egyptian cotton which enters into this yarn, just as if the handicap of American high-labor costs compared with British were not sufficient to saddle our industry with. Then, again, take the American tire manufacturers. They are buying Egyptian cotton and shipping it to their Canadian plants, thereby saving 7 cents per pound duty, but also depriving American labor of the labor employed by American capital.

Foreign labor is getting the benefit of this absurd legislation, while the American public pays the higher cost of the goods in order that Mexican labor employed by the Arizona growers might thrive.

Boiled down to hard facts, the duty on foreign cotton—

1. Has not helped the Arizona planter.
2. Has not forced the American manufacturer to use Pima instead of Egyptian Sakel.
3. Has not increased the net revenue of this country.
4. Has allowed foreign manufacturers to compete more effectively with American manufacturers in this country, as well as abroad, in cotton manufactures containing long staple.
5. Has resulted in American capital employing Canadian labor to manufacture goods into which this long-staple cotton enters, to the detriment of American labor.

6. Has resulted in enhancing the price of finished goods to the consumer.

7. The ultimate result would be a gradual paralysis of the fine-goods industry in this country, to the detriment of American labor and the American public.

So you see that nobody gains by this legislation. On the contrary, the losers are our long-suffering public, who pay a lot and kick a little.

Yours very truly,

F. H. ANDRES.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Arizona [Mr. ASHURST] to the amendment of the committee.

Mr. SIMMONS. Mr. President, on that amendment I wish only to make one observation.

As a result of the 7-cent duty on long-staple cotton proposed in the Senate amendment every rate upon cotton goods has been jacked up, wherever Egyptian cotton is used in the manufacture of the article, to the full extent of the 7 cents per pound. There will be very little cotton cloth imported into this country in which Egyptian cotton is the chief component element of value, because we do not import more than a small amount of cotton cloths, and they are of the finer grades. The amount of duty that will be paid at the customhouse, therefore, by reason of this duty, will not be large. It will be, however, a great deal more than the amount of money that will go into the pockets of the Arizona cotton growers and the California cotton growers; but that is not the trouble. Every product of cotton in this country which is at all comparable with that quality that is imported from abroad will be advanced in price as the result of this duty to the full extent of the duty.

Mr. STANLEY. Mr. President, I am very much interested in the very significant statement which the Senator from North Carolina is making. It is one, to my mind at least, of tremendous import. As I understand the Senator, when they start to fix the price upon cotton yarn and threads and cloth in the various stages of manufacture they will start on the basis of a 7-cent import duty, and that import duty will be carried on all cotton fabrics, whether made of Egyptian cotton or the long-staple cotton from Arizona and the Imperial Valley of California, or made of some other cotton.

Mr. SIMMONS. That is absolutely true, in my opinion, as to all cotton goods produced in this country that are at all comparable with the kind that we import.

Mr. SMOOT. Wherever long-staple cotton is used.

Mr. SIMMONS. Whether long-staple cotton is used at all or not.

Mr. SMOOT. Oh, no.

Mr. SIMMONS. Certainly so, if it is comparable. I am not talking about the duty now; I am talking about the advance in price by the American producer. Of course, on every pound that is imported we shall have to pay, by way of a compensatory duty, under your bill a duty on that to the extent of the duty you impose on the raw material; but every pound of cotton goods that is produced in this country that is at all comparable to the goods that come in and are subject to this duty will be advanced in price by the American producer to the full extent of this duty, not necessarily, but because he has the power to do it and because the conditions permit it, and because that is the way in which these compensatory duties operate.

Mr. SMOOT. The Senator will admit, however, that the bill does not provide for a compensatory duty upon the great bulk of the goods in this bill.

Mr. SIMMONS. I did not say that at all. It provides only for a compensatory duty upon those goods that are imported of which Egyptian cotton is the component element of chief value. That is the only article of import upon which the duty will be laid. That will be a heavy burden upon the American consumer. It will add the amount of this duty to every pound of goods imported from abroad that has this Egyptian cotton to that extent in it; but the point I am making is that the American producer of cotton cloth with Egyptian cotton in it will, of course, add it, because he has paid it, and the American producer, whether he has imported and used Egyptian cotton or not in the goods he produces, will make that an excuse for advancing his price to the full extent of the duty. It is perfectly clear that we will have to pay this duty, not only upon the article imported but we will have to pay it upon every pound of cotton goods produced in this country in which Egyptian cotton is used. That, I say, would be a very heavy burden, because it would apply not only to the imported article but to the article produced in this country containing Egyptian cotton.

If it stopped there, it would be bad enough, surely; but the point I am making is that it will not stop there, but that every comparable article of cotton cloth produced in the United States, whether it has Egyptian cotton in it or not, will be advanced to the extent of this duty, and no man can tell or estimate the



gigantic sum that will be added to the cost of the cotton goods consumed in America by reason of this 7 per cent duty. The bill jacks up all duties to the extent of the 7 cents a pound.

I know this, Mr. President—that while the Arizona cotton producers will be able to collect 7 cents a pound upon the 100,000 bales of this cotton that they produce, amounting to several hundred thousand dollars, the amount of money that will go into their pockets by reason of this increased price of their cotton, assuming that they get the full benefit of the duty in the advanced price, will be a mere bagatelle compared with the amount of money that the people of this country will have to pay out on account of the duty without getting anything in value for it, without a single compensatory consideration, except the fact that the Arizona cotton producer will have been helped to the extent of what will be even in the aggregate a comparatively insignificant amount. The amount the people of the United States will have to pay out, I say, will run into tens of millions, and if it stops at \$10,000,000 I shall be greatly pleased and surprised.

Mr. President, this is a mere illustration of the character of this bill. We shall presently talk about a ship subsidy. This bill is reeking with subsidies, is just as much filled with gratuities as the ship subsidy bill will be. I have given an illustration of the character of subsidies in this bill, a subsidy to the growers of 100,000 bales of cotton in this country, paid for by the people through tens of millions of dollars added to the cost of the clothes they wear upon their backs and the cotton goods and materials they use in their homes.

The only difference between the ship subsidy proposition and this subsidy proposition and the scores and hundreds of subsidy propositions which permeate this tariff bill from beginning to the end, is that in the case of the ship subsidy the Government collects the money from the people and pays it over to the operators of the ships. In this particular case, however, the Government authorizes and empowers the manufacturers of cotton goods in this country to collect the subsidy out of the people, compelling them to pay over a very small part of it to the cotton farmers of Arizona and authorizing the manufacturers to put the balance of it in their own pockets.

Mr. SMITH. Mr. President, before the vote is taken permit me to say, in strengthening by statistics the position the Senator from North Carolina takes, that I have here a table furnished me by the Tariff Commission showing that over 50 per cent of the cotton goods brought into this country, perhaps 65 to 70 per cent, are composed of yarns above 60 in count. Perhaps 35 to 40 per cent are composed of yarns from 90 on up to 120. Therefore if we put a duty of 10 cents a pound additional on the Arizona cotton, that, of course, would be reflected in the following paragraphs in the bill, providing for a compensatory duty on all goods in which yarns of a like count shall enter, which means that as to approximately 55,000,000 square yards of goods imported this duty will be reflected directly as a compensatory duty. So that, brought down to its last analysis, it means that a duty laid on a few thousand bales of cotton in Arizona, the benefit of which to the producers is very questionable, will be reflected in a compensatory duty to the amount of millions of dollars to the consumers of cloth made out of like counts of thread. In other words, we will be penalizing the American people who use cloth the major part of which is produced abroad out of thread of this nature sent into this country, and the importers and the consumers of those goods will be forced to pay a compensatory duty on all the cloth made out of the Arizona cotton, on cloth that has thread of a like count, or where there is a possibility of the cloth being made out of thread of a like count.

So that if it were the policy of the Government to encourage the production of this character of cotton, it would be infinitely cheaper and better for the American people to pay the cotton growers a bonus per bale, or a bonus per pound, double and treble what it is proposed to put as a duty on the cotton; pay it direct to them, and let the benefit go where we intend that it shall go, rather than to mulct the American people on all the cloth made out of yarns into which this could enter.

Why not be sensible? If we want to benefit the Arizona cotton growers let them appeal for a direct bonus to encourage their production, and then it will not go to any manufacturer, it will not come indirectly, but it will go to them directly on every pound they produce of a given staple. They would be the direct beneficiaries of it, and the American people would not be loaded with this burden on the vast importation of foreign goods.

So, if they come here to appeal for help, and we are going to help them, let us help them directly, but not indirectly burden

the whole American people in order that they may perhaps incidentally benefit; and it is very doubtful as to whether they would get anything at all or not.

Mr. SHORTRIDGE. Mr. President, the Senator from North Carolina [Mr. SIMMONS] says that the rate of duty which is claimed on this particular article is an illustration of the whole nature and character of this tariff bill. I could well believe that it is so. It is indeed, in my humble judgment, a very fair and just illustration of the principle which runs through, vitalizes, and gives economic value to this tariff bill.

Mr. SIMMONS. What I meant to say—and I wish the Senator to have my statement in the strongest language—was that it was the parcelling out by the Republican Party of subsidies.

Mr. SHORTRIDGE. And a penalizing of the American people.

Mr. SIMMONS. Yes.

Mr. SMOOT. Mr. President—

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Utah?

Mr. SHORTRIDGE. Certainly.

Mr. SMOOT. Then, if all the rates in this bill are subsidies, the Underwood law must contain subsidies. Where are you going to draw the line? The only question is as to the amount.

Mr. SIMMONS. I did not say they were all subsidies. I said that this was an illustration of scores of items in this bill of similar character, which are merely subsidies.

Mr. SMOOT. If the Senator will read his speech, he will find that he said that if the ship-subsidy provision is a subsidy, so is this bill a subsidy.

Mr. SIMMONS. I said there were scores of items which were subsidies.

Mr. SMOOT. The Senator did not say scores of items.

Mr. SIMMONS. I said this was an illustration of the kind of item which was a subsidy. The Senator knows I said that.

Mr. SHORTRIDGE. I agree with the Senator to this extent, that it is an illustration of the principles which permeate and run through and which I claim give economic strength and virtue to this proposed tariff law.

Of course, a theory is one thing; a fact is another. Theoretically, every tariff duty imposed, according to some schools, adds to the price of the article to the consumer here in America. But in practical operation the facts discredit and refute the Democratic theory. We apply our doctrine of protection to many other items. We apply it to the American producer of rice, the Alabama miner of amorphous graphite, the Southern, Middle, or Far Western States producer of sugar. In the mining States we apply it, for example, to quicksilver. In the manufacturing States we apply it to the various articles of manufacture. According to Democratic theory, each of these applications of the protective principle tends to benefit only the particular industry. Calling it a "subsidy," calling it "penalizing," terming it an "imposition upon the American people," adds nothing whatever to argument nor does it affect the ultimate concrete fact. Industries are interdependent; they do not stand alone. In encouraging and building up and maintaining one industry not only those engaged in that industry are benefited but many other industries are encouraged and sustained and America prospers. Even as in old times, the London aristocrat wanted his clothes made in Rome, and later his articles of adornment made in Paris, and as now the dudes of America want their clothes made in London, so we find that now, according to this statement, there are those who want foreign-raised cotton merely because it bears the term "Egyptian." Such is the force of habit or custom or words. It may be that "a rose by any other name would smell as sweet," but I doubt very much whether we would enjoy the flower as much if it bore another name. So to call this proposed duty on long-staple cotton a "subsidy," or to say that we "penalize" or that we are "oppressing" one part of our people in order to aid another is to indulge in mere verbiage. Thus to characterize this or any other item in this bill adds nothing to the argument.

If we apply the theory advanced here by the disciples of Cobden or the disciples of Calhoun in his later day—forgetting his powerful arguments in his perhaps stronger youth—one by one the industries of America would be put out of existence. I trouble the Senate to justify that statement, I think, by merely suggesting what would happen if the free-trade notion or principle were carried to its legitimate conclusion in framing tariff laws.

I care not what my learned friends may say, I know that there are industries in California which can not compete with oriental industries. Our State is made up of men and women who have come from practically every State in the Union, from

northland and southland. Looking at the distinguished Senator from North Carolina [Mr. SIMMONS] my mind recurs to the fact that some of the most eminent and successful men in the political world, in the commercial world, in the educational world of California came from his great State of North Carolina.

Similarly we have attracted to California the finest type of citizenship in America. Our soil, our climate, the status of our civilization are such that our people can not, in the field or the factory, compete with oriental labor, the Japanese coolie labor, the Chinese coolie labor, the Far East coolie or cheap, miserably paid labor. That is not a theory with us. It is a tragic or pathetic fact.

The same thing holds good, I venture to say, with respect to Louisiana. Those coming immediately from that State, Senators of character, of learning, rising quite above political affiliations, indifferent to political terms of partisanship tell you and tell me that they can not prosper there in the cultivation of rice or sugar in competition with foreign producers.

If I may refer again to my own State, I simply know, and the facts warrant my statement, that we can not there operate our quicksilver mines in competition with the Spanish or the Austrian. I therefore make the broad statement that one by one by a certain kind of legislation we can put out of business the industries of America. I would include not only the producers of foodstuffs but the multitudinous phases of manufacture. If that be so—it perhaps may be doubted, but if it be true—why should we hesitate to give protection to Arizona or to California in respect to this particular industry, why as to sugar, why as to rice, why as to graphite, why as to quicksilver, why as to many of our manufactured articles in this country?

The answer, I imagine, which the free trader will make is that by virtue of superior skill, by virtue of labor-saving machinery, by virtue of organized capital, each and all of these various American industries can survive and our system of wages and standard of life and living be maintained without protection. But I beg to remind Senators that the father and the mother, with their little brood of children to feed and clothe, with the schools and churches and our type and standard of living in California, can not compete with the foreigner—assuredly not with oriental labor. What, then, is to happen? One of two things must happen. Either they must go out of that particular line of work and business or the cost of production, the scale of wages, in that industry must be reduced; otherwise the foreign producer can import and the foreign product will take the place of the home product. Is that result to be desired? Is that the result the free trader is aiming at?

Mr. SIMMONS. Of course, I sympathize with the people of California and the farmers out there if they are in the distressed condition in which the Senator represents them to be. In the last 10 days we have devoted quite a number of days to discussing duties upon farm products and other products of California. I can not very well understand the statement the Senator is making about the difficulties which they are having to make a living out there in farming and fruit growing and nut raising, and all that sort of thing, in view of statements I have heard about the value of lands in California. I do not know whether it is true or not, but I have been told that the farm lands, the fruit-growing lands, the nut-growing lands of California have a market value far in excess of the market value of farm lands anywhere else in the United States. I have heard some stories about some lands that were worth \$1,000 or \$1,500 an acre. I do not know exactly how to reconcile the statement of the Senator with reference to the difficulties the farmers and growers of the other products out there are having to get along, with the unusual value of lands said to exist there.

Mr. SHORTRIDGE. One answer might be that we have thus far been fairly well protected by the principle for which we are now contending.

Mr. SIMMONS. Since 1913 we have had the Underwood law, and during that period of time they have been pretty prosperous out in California. I would be very glad if the Senator would tell the Senate to what extent farm lands have advanced in value in California during that period of time.

Mr. SHORTRIDGE. Since 1914 manifestly we have had a protection brought about by other than legislative action. The war brought about a hectic, feverish type of prosperity all over the land, and just as such temporary prosperity will vanish in a day, brought about by unnatural causes, I maintain that substantial and permanent prosperity will be insured by an application of protective principles, principles which work in a sense

in the same way; that is to say, which enable the American producer, whether he be in the Senator's State or mine, to have the benefit of the greatest consuming market in the world, namely, the market of 105,000,000 of American citizens within our continental borders.

Mr. SIMMONS. I have heard a good deal about the war being a practical embargo, but I had understood the Senator was complaining largely of oriental competition. The war did not seriously interfere with transportation and commerce between the Pacific coast and the Orient, did it?

Mr. SHORTRIDGE. Yes; it did. As an illustration, the war shut off the trade of Germany with China and during that time a certain American industry built up an enormous trade in China. Now, that the war is over America has lost that trade almost entirely and Germany has recovered it, and to a very appreciable degree—

Mr. SIMMONS. The Senator is speaking about export trade now, is he not?

Mr. SHORTRIDGE. Certainly I am; and as to import trade there was material interference in transportation across the Pacific Ocean by virtue of the war. It is true that early the German fleet was swept from the Pacific Ocean, but owing to the great national and international economic upheaval the imports from the Orient were diminished, and this did affect the condition of affairs.

But I am not complaining or am not troubling the Senate with the conditions prevailing there growing out of the late war. What I am maintaining and what I am willing to join issue with the Senator on is this: The learned Senator contends that this is a sample of many items in the bill; that it is designed to benefit only one class of our people. I say that at first blush that is so, even as to put a tariff on any particular article is at first blush designed to help those engaged in that industry. But if the free-trade principles which I am opposing are applied, then one by one we can put out the industries of America, as the world is now constituted.

If I lived in the Fiji Islands or in a South Sea island where we raised nothing but coconuts or pineapples or bananas, I might be a free trader in respect to importing into that island all manufactured articles. But we do not live in the Fiji Islands or a South Sea island. We live in America. I maintain that what develops an industry in North Carolina or Kentucky is beneficial to me and is beneficial to California. I am not afraid of the protection doctrine, and I add that if the Senators from North Carolina should come forward and claim a tariff duty upon some particular industry limited to their State and could show me that because of the price of labor there or other conditions they could not compete with Burma or with Egypt or other foreign land, I would favor tariff protection for their industry, and I think they would earnestly ask it. If the issue, therefore, is that every tariff duty imposed is a penalizing of the American people, I am willing, speaking for my poor self, to join issue and to discuss that before the American people.

Finally, so far as I am concerned on this particular item, both of the Senators from Arizona have presented the facts and advanced convincing arguments in favor of the rate of duty asked. I have not indulged in many words with respect to California, but the soil and the climate of California are adapted to the raising of this particular kind of cotton. I do not understand Senators when they say that this kind of cotton is not in direct competition with the Egyptian long-staple cotton. It appears from the record that 12,000 bales or more of our cotton were used in a late year in the manufacture of automobile tires, and that a very considerably larger number of bales of Egyptian cotton were similarly used. Manifestly there was competition there. I am not advised as to what particular automobile tires used the American cotton or which used the Egyptian, but both kinds were bought and used by automobile tire manufacturers, and in that particular field it would appear that there was something in the nature of competition.

As to the proposed amendment, the Senate having expressed itself unmistakably as against the 15-cent rate, I hope Senators will feel disposed to vote for the amendment now proposed by the senior Senator from Arizona, with the rate at 10 cents per pound.

Mr. STANLEY. Mr. President, I hesitate to say any more upon this subject at this late hour when the Senate is anxious to vote, especially when I realize that a few Senators will listen attentively to what I say and, like St. Patrick's fishes, when I get through they will have their own way. The pending amendment, however, is so peculiarly atrocious that I can not refrain from expressing my disapprobation.



Mr. ASHURST. I did not catch the word the Senator used, being engrossed in the examination of my manuscript.

Mr. STANLEY. This is such a peculiarly indefensible and atrocious proposition that I can not refrain from expressing my utter abhorrence of it. If my remarks affect nobody except myself, I will at least have relieved my own conscience and my own soul by saying what I think about it.

This character of cotton is raised in a kind of governmental agricultural infirmary, deliberately redeemed from the wilderness at an enormous cost. This peculiar type of cotton is produced in the Salt River Valley of Arizona and the Imperial Valley of California. Those two valleys are reclaimed land, land redeemed from the sand hills and the waste of a barren wilderness by an expenditure of millions upon millions of dollars. The great Roosevelt Dam and a like structure erected in the Imperial Valley saved this arid land for the uses of the American people, and yet, so far as this product is concerned, the American people would be a dollar a pound better off in the purchase of an essential commodity if not one stone had been laid upon another in the erection of those dams and not one acre of that land had ever been reclaimed. It is proposed, first, to take millions, hundreds of millions, of the people's money from the Public Treasury to irrigate and reclaim land from the sand wastes and then tax the American people ten times as much as the farmers in the two valleys referred to were paid to leave communities where they were tax producers and gather them under a Government dam to become tax eaters. The proposition is so preposterous and absurd that it seems to me amazing that any man of thought or conscience should have to rise in this place to attack or expose it.

Mr. ASHURST. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Arizona?

Mr. STANLEY. Certainly.

Mr. ASHURST. I paid the Senator a while ago what I thought was a just compliment to his learning as a historian, and I should regret to be obliged to recall that compliment; but if he continues in that vein I shall be obliged to do so. The Senator says we have appropriated millions of dollars to build these irrigation projects. Mr. President, not a dollar have we appropriated. The money came from the sales of lands in the various States. Those lands were dedicated by the States to the Federal Government. The arid States are not asking for an appropriation and have never asked for one; they are simply paying back that which we loaned the Federal Government.

Mr. STANLEY. That is a very fine difference, Mr. President; it is the difference between tweedledum and tweedledee. Whether the lands belonged to the Government or to the States, they were public lands and were sold, and it was the Government's money when it converted its own lands into money. The Senator may argue that because it did not take the appropriations for the reclamation projects in the Salt River and Imperial Valleys out of this pile of Government money but took it out of that pile the Government is not a loser; but I leave that argument to answer itself. Be that as it may, here are dams constructed at public expense; here are the energy and the assets of this country used to add to the area of arable lands in the United States. Why do we reclaim arid lands? In order that two blades of grass may be made to grow where but one grew before; in order to make bread and cotton and wool and other prime necessities of life more plentiful; in order to make them easier to obtain and to lessen the cost by increasing the supply.

The result of this proposition is that just in proportion as we redeem arable lands so we shall enhance the price of everything that is raised upon those lands. If this thing were continued to a sufficient extent, all we would have to do would be to redeem enough land to pauperize the United States.

Mr. SHORTRIDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from California?

Mr. STANLEY. Certainly.

Mr. SHORTRIDGE. Does the Senator claim that the policy of reclaiming the arid lands of the West has been a mistaken policy?

Mr. STANLEY. The reclamation of arid lands for the production of crops which will add to the wealth of the country is a most meritorious policy; to reclaim them in order to house an industrial parasite is a mistake. The Senator from California is so modest he amazes me. A mistake? It is a blunder, almost a crime, to take the money of the people or to take the money of a State and reclaim arid land and then tax the other people of the United States who are raising products upon lands which they themselves redeemed from the wilderness and from the savages to enable those living on the reclaimed land to prosper. Thousands and tens of thousands

of hardy pioneers went West; they faced the perils, the solitude, and the hardships of the pioneer's life; they redeemed their land; they owe their success only to their energy and to God; and yet it is proposed to make the men who are producing the wealth of this country upon the land which they redeemed pay a thousand per cent for essential articles of life in order to give a bonus to one county in Arizona and a little shirt-tail full of cotton producers in Imperial Valley who are living upon Government reclaimed land.

The Government has not added to the agricultural wealth of this country; it has created behind these dams an agricultural infirmary, and for every 15 cents it is proposed to pay these cotton planters we are taking at least \$2 out of the pockets of the American people.

When the duty on 150,000 bales of Egyptian cotton, and the compensatory duty on all imported goods into which Egyptian cotton enters are considered, for the little five or six hundred thousand dollar bonus given the cotton grower—\$10,000,000, says the chairman of the committee—are taken from the pockets of the American people.

Mr. ASHURST. Mr. President, will the Senator yield to me at that point?

Mr. STANLEY. Certainly.

Mr. ASHURST. Mr. President, my friend, with his coruscating rhetoric that is admired all over the United States, says that the Salt River Valley is so inconsiderable and small—that is the purport of his remarks—that it amounts to nothing. Mr. President, I wonder what the merchants and manufacturers of Kentucky will think of that when I tell them through this Record that in 1920 the Salt River Valley bought, used, and paid for 32 carloads of goods, wares, and merchandise from Kentucky?

Eight thousand carloads of goods, wares, and merchandise were sent in 1920 from the various States into the Salt River Valley. I am not speaking now of less than carload lots, and I am not speaking of carload lots that went into the Yuma project. I tell you, sir, from Kentucky, and you, sirs, from Maine and from Massachusetts, New Hampshire, New York, Ohio, and Michigan that you forget that you send 240,000 carloads of goods, wares, and merchandise to these reclamation projects. We are not beggars asking a largess from the Federal Treasury.

Mr. CARAWAY. Mr. President, will the Senator yield—

Mr. STANLEY. Certainly.

Mr. CARAWAY. I am curious to know why the Senator from Arizona did not include "pocket" importations. He said he included nothing but carload lots, but, coming from Kentucky, I thought possibly that some of it went in less than carload lots. [Laughter.]

Mr. ASHURST. Will the Senator from Kentucky allow me to say a word in reply to the suggestion of the Senator from Arkansas?

Mr. WATSON of Indiana. Mr. President, for the enlightenment of this side of the Chamber, will the Senator from Arizona please state what was in those cars?

Mr. STANLEY. Mr. President, I claim my constitutional privilege from Kentucky. We are not required to say what we sold these prosperous people when they are getting about a dollar a pound for cotton while the poor planter in Mississippi gets but 10 cents a pound, duty and all. They are able to buy Kentucky products; but common politicians and ordinary farmers need not come around.

Mr. CARAWAY. May I suggest that, inasmuch as Arizona is somewhat removed from the seaboard, they have to patronize Kentucky, for they can not reach the Shipping Board?

Mr. STANLEY. If I had realized that, I would not have said what I did.

Mr. ASHURST. Mr. President, since something has been said about pockets by that very keen blade, the junior Senator from Arkansas [Mr. CARAWAY], who has entered this debate, I will say that the saddlebags of the "Arkansas traveler" in 1920 brought into the Salt River project alone 26 carloads of goods, wares, and merchandise, for which we paid not in promises but in gold. There are 30 reclamation projects in our country; multiply 30 by 8,000 and you have the number of carload lots of goods, wares, and merchandise that the irrigation projects purchased and paid for.

Are the fires in your furnaces out? Does the smoke no longer come from your factory chimneys? Are you thinking about foreign trade? I say build up the reclamation projects of the South and West and you will cease harrowing your brain about foreign trade. The western and southern people, if you will give them a chance to reclaim their lands, will buy not merely 240,000 carloads annually of your goods and wares but 1,000,000 carloads.

Mr. STANLEY. Mr. President, all I know is what is contained in this little book issued by the Tariff Commission. In speaking of this matter it says:

The production of American-Egyptian cotton is confined almost entirely to the one county of Maricopa, in the Salt River Valley, Ariz., where the soil and climatic conditions closely approximate those of Egypt and where the necessary moisture must be supplied by irrigation. Pima is the only cotton grown in the Salt River Valley. It is grown only to a slight extent elsewhere; possibly 500 bales are produced annually in the Imperial Valley in California.

This report, from which the Senator from Arizona quoted as the supreme authority against the statements of both the Senator from Utah and the Senator from South Carolina, further says that—

It is largely controlled by the Pima Cotton Growers' Association, and Government funds available through the War Finance Corporation have been used to enable the growers to hold for better prices. The Egyptian Government also assists its growers—

And so on.

This report says:

Such variations from the price of the basic cotton are influenced and accentuated by special factors. Pima and Egyptian cottons tend to come together in periods of low prices and to draw apart on a rising market. The Pima crop, very much smaller than the Egyptian and in a few hands, is less subject to speculation, and being more securely financed and marketed by a few large growers can hold its level better in a distress market.

Mr. ASHURST. Mr. President, will the Senator yield to me at that point?

Mr. STANLEY. Certainly.

Mr. ASHURST. They set an example as to what we hope our southern brethren will do. Years ago we said to our southern brethren in the cotton fields, "When you raise a crop of cotton, say to the spinner, 'There it is. Unless you meet that price, you can not have it.'"

That is what I have been urging for years. I have begged, privately and publicly, my friend from South Carolina [Mr. SMITH] to start such a movement in the South; and then, instead of woe and desolation, instead of abject misery and abject poverty spreading itself through the South, the South will be the commander of the world's greatest staple, cotton, and can make its own price.

In Arizona it is not controlled by a trust. Our men—the rich man and the poor man, the Democrat and the Republican—who grow cotton simply believe they have the right to fix their price, and they wish the southern cotton grower would do the same thing. Then he would have a right to feel that he was getting his due portion of justice in the land of his birth.

Mr. HEFLIN. In other words, if the Senator will permit me, he feels that the cotton producers have the right to count the cost of production and add a reasonable profit thereto, and then to organize and stand together until they get that price.

Mr. ASHURST. Absolutely. That is what I hope to see the southern cotton planter do. The southern cotton planter must keep books. He must know what it costs to raise his cotton, and he must not sell below the cost of production. You do not need a Senator to tell you that if you sell cotton for less than it costs you to raise it you will inevitably be bankrupt. The largest individual grower that I know produced 150 bales in 1920. It is true that one company—the Goodyear Co., I believe—some years ago planned a great expansion and did raise some five or six thousand bales, but they have given up that activity in large measure. With due deference to the documents from which the Senator quoted, the cotton of Arizona cotton growers is not controlled by a trust, but he with one bale or he with two bales knows what it costs him to raise that cotton, and he does not intend in the future that Wall Street gamblers—as my friend from the State of Alabama [Mr. HEFLIN] so eloquently says—shall by a wild, reckless foray of deflation deflate him again. We have a few statesmen down there on the soil; we have a few men working in the sun who are comparable to statesmen here. They were deflated once in 1920, but are not going to be deflated again if we can help it, either as to cotton or as to cattle or as to sheep or as to wool.

Mr. HEFLIN. You will have to get a lot of these "helgibites" off of the Federal Reserve Board then.

Mr. ASHURST. We will put them out of office, no matter what their politics may be, if they give any special privilege to the manufacturing interests above the farming interests.

Mr. STANLEY. Mr. President, the Senator has well said that men ought to be put out of business, men ought to be put out of public life, men ought to be pilloried in the court of public opinion who give special favors to the manufacturing interests over the farming interests, and to that brave statement I say "Amen"; but is there in law or morals or justice

any reason for pillorying the man who gives a special favor to the manufacturing interests over the farming interests, and crowning the man who secures, through a bloc or otherwise, a special advantage to the farming interests over the industrial interests?

I represent not an industrial center but an agricultural community, more strictly agricultural than that from which the Senator from Arizona comes, and yet my tongue shall cleave to the roof of my mouth and my hand shall lose its cunning before I will stand as a Senator on this floor and do for the farmer the thing which I damn as dishonest if done for anybody else.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. STANLEY. Certainly.

Mr. ASHURST. No exception can be taken to that statement. No one here has asked any special privilege for the farmer. Certainly I have not asked anything special for the farmer. I have only asked, and that is all anyone has asked, that the farmer shall be treated just as are the other interests in this country. But, Mr. President, I will go further. I will be bold. I will say that if I were giving out special privileges, they would be given to the farmer for this reason:

The multitudes of the earth can be subsisted only from the soil. You may wear, as I do, this suit now, which I wore last year, and I can retrench there, but you must have three wholesome meals each day; and if the white-collared people in the city want their three wholesome meals each day, if they wish those food supplies they can only get them because some one goes down upon the brown earth, cultivates it, and waters it with his sweat. That is the only way in which the soil is going to be cultivated. So if I were passing out special privileges—the Senator and I stand on the same platform there; we are opposed to them—they would be given to the farmer. I say, however, that we are not passing out special privileges; and while I am on this subject, I said when I began this cotton debate that the diamond pivot around which my speech would revolve was some words uttered by the able and courageous senior Senator from Arkansas [Mr. ROBINSON] last Monday when he said:

If the policy that is to be written into our tariff laws is a policy of protection I do not find myself justified, as a representative of the people of the State of Arkansas, in voting to discriminate against the products of that State.

To my mind that is statesmanship. No man ought to claim special privileges for his State, but I trust no Senator will be found here who would plunge a dagger into the bosom of his own State. If there is to be found a dagger in the bosom of the cotton growers of Arizona it will not be my hand that thrust it, and if the cotton growers of Arizona are to be bankrupt it can not justly be laid at my door that I helped to bring it about, or stood by, like Saul at the stoning of Stephen, while their ruin was accomplished.

It was Thomas Jefferson who risked his life to smuggle out rice for our agriculturists. He organized the first agricultural bloc. It was Walker, Secretary of the Treasury, who produced the greatest tariff bill, who was the father of an agricultural bloc.

Mr. President, we are pilloried and condemned here in the Senate, we are treated with derision, because we have presumed to speak for agriculture. Had we spoken for the Federal reserve banks, had we spoken for the Morgans and the Ryans and the Rockefellers instead of the farmer we never would have been criticised.

Mr. STANLEY. Mr. President, the Senator from Arizona is shooting at a man of straw, and he is very much excited over something that has never occurred. I will say to the Senator from Arizona that when he was in his hippies I was organizing cooperative organizations of farmers. When he was a school-boy, some 20 years ago, I assisted in writing the charter and by-laws of the first cooperative association ever organized in Kentucky for the sale of tobacco. That plan, the plan of the Planters' Protective Association, is the model on which Mr. Shapiro has secured a national reputation, and the same plan under which 95 per cent of the burley growers of Kentucky are now selling their tobacco.

Nearly 20 years ago, month in and month out, I hammered and demanded in the face of a hostile majority an investigation of the American Tobacco Co. Alone, unaided by anybody, I impeached that company on seven different counts, and within two years of that time Chief Justice White handed down a decision dissolving the American Tobacco Co., and he never quoted a charge that I had not made, and he never failed to sustain a charge that I had made.

I gave 18 months of my life, working 16 hours a day until I was physically exhausted, to bring the great Steel Trust to time,



over the opposition of the President of the United States, over the opposition of the Attorney General of the United States, and I lived to see the Attorney General incorporate about 30 pages of my report into an indictment of the United States Steel Corporation, when that corporation was closer to the President than any other corporation in the world, and when it was worth a man's head to do it, and when it was not the popular thing to be at the head of a farmers' bloc. I took my political head in my hand and defied the organized wealth of America when it was crushing the life out of the agricultural interests of Kentucky, and I did not wait until it was the easiest way and the softest way to favor to howl about my love for the farmer every time I wanted to incorporate an iniquity into a tariff bill.

Be that as it may, Mr. President, let us get down to hardpan. Mr. SMOOT. Let us get back to long-staple cotton.

Mr. STANLEY. Let us get back to long-staple cotton, and get through with it. My objection to this tariff is simply this:

One county in Arizona, redeemed by Federal aid—a little spot of land in the Imperial Valley, redeemed by Federal instrumentalities—is growing long-staple cotton, and the tax which this bill imposes is equivalent to \$2 a pound upon that cotton. Instead of having these people raise cotton we had better have them raise palms and roses, and erect fountains, and put silken tents over their heads, and provide trained servants to fan the flies off of them, and let them live in idleness and luxury, and keep their hands off the delicate instrumentalities of the Government, and prevent the incorporation into this bill of a clause that will be reflected in compensatory duties from one end to the other, and will lay a heavy burden upon every man with a decent cotton shirt upon his back, and every woman in the United States who buys a gingham dress. I will not be frightened by farmers' talk, or anybody else's talk. The women in gingham dresses, the men in cotton shirts, the users of automobile tires, and all like things in the production of which cotton is a prime necessity, all the consumers, have some rights in this country, and for them I shall speak.

The VICE PRESIDENT. The yeas and nays having been ordered, the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. UNDERWOOD (when Mr. HARRISON's name was called). I wish to announce that the Senator from Mississippi [Mr. HARRISON] is paired with the Senator from West Virginia [Mr. ELKINS], and that if he were present he would vote "nay."

Mr. JONES of Washington (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. OVERMAN (when Mr. KING's name was called). I was requested to announce that the junior Senator from Utah [Mr. KING] is unavoidably detained on public business. He is paired with the senior Senator from North Dakota [Mr. McCUMBER].

Mr. McCUMBER (when his name was called). I have a general pair with the junior Senator from Utah [Mr. KING], but I am informed that on this vote he would vote the same way I intend to vote. I will therefore vote. I vote "nay."

Mr. ROBINSON (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. SUTHERLAND] to the Senator from Rhode Island [Mr. GERRY] and vote "nay."

Mr. WALSH of Montana (when his name was called). I transfer my pair with the Senator from New Jersey [Mr. FRELINGHUYSEN] to the senior Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

Mr. WATSON of Indiana (when his name was called). I transfer my general pair with the senior Senator from Mississippi [Mr. WILLIAMS] to the junior Senator from Washington [Mr. POINDEXTER] and vote "yea."

Mr. WILLIS (when his name was called). I am paired today with my colleague, the senior Senator from Ohio [Mr. POMERENE], who is absent. I find, however, that I can transfer that pair to the junior Senator from Oklahoma [Mr. HARRELD]. I transfer my pair to that Senator and vote "yea."

The roll call having been concluded,

Mr. CURTIS. I desire to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from Maine [Mr. HALE] with the Senator from Tennessee [Mr. SHIELDS].

Mr. NEW. Making the same announcement as on the previous vote with reference to my pair and its transfer, I vote "yea."

Mr. CAMERON. Making the same announcement as on the previous vote, I vote "yea."

Mr. COLT (after having voted in the negative). Has the junior Senator from Florida [Mr. TRAMMELL] voted?

The VICE PRESIDENT. He has not.

Mr. COLT. I transfer my pair with that Senator to the junior Senator from Vermont [Mr. PAGE], and allow my vote to stand.

Mr. SIMMONS. I wish to announce the unavoidable absence of the senior Senator from Ohio [Mr. POMERENE]. He is paired with the junior Senator from Ohio, and if he were present he would vote "nay."

The result was announced—yeas 19, nays 33, as follows:

#### YEAS—19.

Ashurst	Johnson	McNary	Shortridge
Bursum	Jones, Wash.	New	Townsend
Cameron	Kendrick	Oddie	Watson, Ind.
Capper	Ladd	Phipps	Willis
Gooding	McKinley	Sheppard	

#### NAYS—33.

Brandee	Kellogg	Newberry	Sterling
Calder	Keyes	Overman	Underwood
Caraway	Lenroot	Pepper	Wadsworth
Colt	Lodge	Robinson	Walsh, Mass.
Curtis	McCormick	Simmons	Walsh, Mont.
Dial	McCumber	Smith	Warren
France	McLean	Smoot	
Harris	Moses	Spencer	
Heflin	Nelson	Stanley	

#### NOT VOTING—44.

Ball	Fernald	La Follette	Ransdell
Borah	Fletcher	McKellar	Rawson
Broussard	Frelinghuysen	Myers	Reed
Crow	Gerry	Nicholson	Shields
Culberson	Glass	Norbeck	Stanfield
Cummins	Hale	Norris	Sutherland
Dillingham	Harreld	Owen	Swanson
du Pont	Harrison	Page	Trammell
Edge	Hitchcock	Pittman	Watson, Ga.
Elkins	Jones, N. Mex.	Poindexter	Weller
Ernst	King	Pomerene	Williams

So Mr. ASHURST's amendment to the committee amendment was rejected.

Mr. CAMERON. I give notice that I shall ask for a separate vote on this cotton schedule in the Senate. I hope in the meantime some of the Senators will look into this question more thoroughly; and I believe if they will do so they will vote with us.

The VICE PRESIDENT. The question now recurs on the committee amendment.

Mr. SMITH. I ask for the yeas and nays on the committee amendment.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. CAMERON (when his name was called). Making the same announcement as before, I vote "yea."

Mr. UNDERWOOD (when Mr. HARRISON's name was called). I make the same announcement with reference to the pair of the junior Senator from Mississippi [Mr. HARRISON] as on the previous vote.

Mr. JONES of Washington (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. OVERMAN (when Mr. KING's name was called). The junior Senator from Utah [Mr. KING] is detained on important public business. He is paired with the Senator from North Dakota [Mr. McCUMBER]. If present, he would vote "nay."

Mr. McCUMBER (when his name was called). I transfer my general pair with the junior Senator from Utah [Mr. KING] to the junior Senator from Maryland [Mr. WELLER] and vote "yea."

Mr. NEW (when his name was called). Making the same announcement as to the transfer of my pair as on the previous vote, I vote "yea."

Mr. SIMMONS (when Mr. POMERENE's name was called). I wish to announce that the senior Senator from Ohio [Mr. POMERENE] is unavoidably absent. He is paired with the junior Senator from that State [Mr. WILLIS]. If present the senior Senator from Ohio would vote "nay."

Mr. ROBINSON (when his name was called). Announcing the same pair and transfer as on the previous vote, I vote "nay."

Mr. WALSH of Montana (when his name was called). Making the same announcement as before, I vote "nay."

Mr. WATSON of Indiana (when his name was called). Making the same announcement as before, I vote "yea."

Mr. WILLIS (when his name was called). Making the same announcement as on the previous roll call relative to the transfer of my pair with my colleague, the senior Senator from Ohio [Mr. POMERENE], I vote "yea."

The roll call was concluded.

Mr. HALE. I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Pennsylvania [Mr. CROW] and vote "yea."

Mr. CURTIS. I desire to announce the following pairs:

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER];

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN].

Mr. STANLEY (after having voted in the negative). I transfer my general pair with the junior Senator from Kentucky [Mr. ERNST] to the senior Senator from Texas [Mr. CULBERSON] and allow my vote to stand.

Mr. COLT (after having voted in the affirmative). I am informed that if present my pair, the Senator from Florida [Mr. TRAMMELL] would vote as I have voted, and I therefore allow my vote to stand.

Mr. MCKINLEY (after having voted in the affirmative). I transfer my pair with the Senator from Arkansas [Mr. CARAWAY] to the Senator from Delaware [Mr. DU PONT] and allow my vote to stand.

The result was announced—yeas 41, nays 11, as follows:

#### YEAS—41.

Ashurst	Harris	McKinley	Shortridge
Brandagee	Heflin	McNary	Smoot
Bursum	Johnson	Moses	Spencer
Calder	Jones, Wash.	Nelson	Sterling
Cameron	Kellogg	New	Townsend
Capper	Kendrick	Newberry	Warren
Colt	Keyes	Oddle	Watson, Ind.
Curtis	Ladd	Pepper	Willis
France	Lenroot	Phipps	
Gooding	Lodge	Ransdell	
Hale	McCumber	Sheppard	

#### NAYS—11.

Borah	Overman	Smith	Walsh, Mass.
Cummins	Robinson	Stanley	Walsh, Mont.
Dial	Simmons	Underwood	

#### NOT VOTING—44.

Ball	Fletcher	McKellar	Rawson
Broussard	Frelinghuysen	McLean	Reed
Caraway	Gerry	Myers	Shields
Crow	Glass	Nicholson	Stanfield
Culberson	Harrell	Norbeck	Sutherland
Dillingham	Harrison	Norris	Swanson
du Pont	Hitchcock	Owen	Trammell
Edge	Jones, N. Mex.	Page	Wadsworth
Elkins	King	Pittman	Watson, Ga.
Ernst	La Follette	Poinexter	Weller
Fernald	McCormick	Pomerene	Williams

So the committee amendment was agreed to.

Mr. WARREN obtained the floor.

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. WARREN. I yield to the Senator from Utah for the purpose for which he rose.

Mr. SMOOT. I have a number of amendments to the cotton schedule which have been approved by the committee. I offer them at this time and ask that they be printed.

The VICE PRESIDENT. The amendments will be printed and lie on the table.

Mr. ROBINSON. Mr. President, may I ask the Senator from Utah if the amendments which the committee now reports constitute a general revision of the rates in the cotton schedule?

Mr. SMOOT. I will not say a general revision, but as far as yarns and cloths are concerned and as far as gloves and hosiery are concerned it is a revision.

Mr. ROBINSON. May I ask the Senator from Utah a further question as to whether the rates now proposed are reductions of the rates originally reported by the Finance Committee?

Mr. SMOOT. They are all reductions.

Mr. ROBINSON. Can the Senator state in percentages approximately the amounts of the reductions that are made, or is it possible to do that?

Mr. SMOOT. Does the Senator mean the average in the whole schedule?

Mr. ROBINSON. No; I mean the average or approximate percentage reductions that the rates now proposed constitute of the original Finance Committee rates.

Mr. SMOOT. Taking it as a whole, on the yarn and cloth schedules only there is about a 4 per cent reduction, just a fraction less than 4 per cent of reduction. In some items no change; in others a large reduction. In the hosiery and glove schedules, and particularly the cheaper lines of cotton gloves, there is a very large reduction, I will say to the Senator.

Mr. ROBINSON. Can the Senator approximate the reduction in percentage?

Mr. SMOOT. I would say on the cheaper cotton gloves it is about one-half. I could not say exactly offhand because, as the Senator realizes, where we have a spread of prices all the way from 50 cents to \$2.50 per dozen and an ad valorem rate applying to them all, it is very difficult to say offhand, but I would say it was about 50 per cent.

Mr. ROBINSON. Is it possible for the Senator from Utah to state the theory upon which the proposed rates now submitted are based and the theory upon which the reductions are made?

Mr. WARREN. Well, Mr. President—

Mr. SMOOT. The Senator from Wyoming has the floor.

Mr. ROBINSON. I realize that is a very large question. I shall renew it to-morrow.

Mr. SMOOT. I will say to the Senator when we get to the discussion of the amendments I am perfectly willing to answer any question that I can answer.

Mr. SIMMONS. Mr. President, I wish the Senator from Wyoming would allow me to have one minute.

Mr. WARREN. I would like to clear the way for what I desire to present to the Senate and then I shall be glad to yield.

The VICE PRESIDENT. The Senator from Wyoming has the floor.

Mr. WARREN. I wish to ask unanimous consent that the tariff bill may be temporarily laid aside as I wish to address myself to another subject. I ask unanimous consent for that purpose.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. WARREN. I now yield to the Senator from North Carolina.

Mr. SIMMONS. I would like to have the Senator from Utah state if the committee will make similar reductions in the woolen schedule and the silk schedule?

Mr. SMOOT. I have not offered any amendment nor has the Senator from North Dakota on the wool schedule, but I will say to the Senator that it is impossible to make the reductions in the rates in the wool schedule that have been made in the cotton schedule. I think I can convince the Senator from North Carolina that that is the case.

Mr. SIMMONS. Will the committee revise the schedule?

Mr. WARREN. Mr. President, I suggest that these are matters that ought to come up on their merits and not at this particular time.

Mr. SIMMONS. I am simply asking questions. I am not discussing it.

Mr. SMOOT. I will say to the Senator offhand that it could not be more than 5 per cent on the woolen schedule on the cloths. On the yarns there can not be any change at all. Whatever changes there are in the wool schedule, I will say to the Senator, will be very slight.

Mr. SIMMONS. Does the Senator think they will further rewrite the schedule?

Mr. SMOOT. On the cloth—I mean 5 per cent ad valorem and not 5 per cent of the rate.

Mr. SIMMONS. Will the committee make like reductions in the silk schedule?

Mr. SMOOT. I can not say what the committee will do. I can only say what they have done.

Mr. SIMMONS. Does the Senator think they will further rewrite the schedule?

Mr. SMOOT. So far as silk is concerned, I am sure they will, because the committee have already agreed to one important amendment.

#### APPROPRIATIONS FOR FISCAL YEAR 1923.

Mr. WARREN. Mr. President, as a matter of law and practice, the Committees on Appropriations of the Senate and House are directed, every Congress, to assemble and furnish to the Congress in compact form all the figures pertaining to appropriations.

At the close of each session the committees are expected to place before the Congress and in the Record figures showing the amount of appropriations for the current year and also amounts provided for the ensuing year.

I am about to present, and shall ask leave to print in the Record, tables carefully prepared by the clerks of the Committees on Appropriations showing the condition of the appro-



priation bills at the close of the present session. These tables show all the appropriations made during this session for the fiscal year of 1923 and also those made during the preceding session, giving the comparison with former Congresses as to estimates and appropriations.

Figures and facts regarding appropriations are not picturesque subjects. In fact, the attention of Congress and the public is challenged by many more attractive subjects; but, after all, no legislative duty surpasses in importance or responsibility the duty of appropriating revenues derived from taxes collected from the people to meet Government expenditures.

The people have a right to know with what wisdom and care the funds of the Government have been apportioned for expenditure.

In connection with my remarks I want to indorse and commend the Budget law, the retiring Budget Director, Gen. Charles G. Dawes, and the former Chief of Finance of the War Department, Gen. Herbert M. Lord, who now becomes Budget Director. These able gentlemen have under the law presented their conclusions to President Harding, who in turn has reviewed, revised, and transmitted them to Congress for our conscientious consideration.

The Budget law was approved by the President June 10, 1921. Prior to that date the flood of money calls under the prevailing system of estimates assumed such proportions that it seemed advisable for the chairman of your committee to call the matter to the attention of President Harding, so that the Chief Executive might have before him for consideration the fact that in only 14 days of the commencement of the first session of Congress under his administration deficiency estimates alone amounting to \$216,000,000 had been submitted to us, with more in prospect, about \$137,000,000 of which concerned items for the fiscal year 1922, which at the time had not yet begun.

The advisability of teamwork between the Executive, the departments, and Congress became so apparent that it was suggested to the President as a means of bringing about the desired results in economy.

The President acted immediately, sending written notice to each member of his Cabinet that he did "not know of any more dangerous tendency in the administration of governmental departments" than the tendency to exceed the limits of appropriations fixed by Congress; and he said "I am very sure that we can never fix ourselves firmly on a basis of economy until the departments are conducted within the provisions made by Congress."

Thereafter, in due course, came the work of the newly erected Budget Bureau in the way of alternative estimates, which were accepted and adopted by committees of both House and Senate.

The new Budget system changed the names and the grouping of subjects formerly comprehended in the regular annual appropriation bills, which in turn made it necessary for the Senate to change its rules, as the House had previously done, so that all of the appropriation bills would come to the regular Senate Appropriations Committee.

And so the Senate, in March, 1922, adopted the new rule which has so well and with such satisfactory results served the purpose of teamwork.

Seldom, if ever, has the discharge of the duty of appropriating funds been attended with greater difficulties and embarrassments than during the past few years since the war.

In times of war all restraint is removed and extravagance reigns and costs are uncounted; but in the years following economy and reform are the watchwords, and the exhausting labor of again securing a safe and sane basis is a matter of necessity if the public and the Government are to exist.

Although economy was the outstanding feature in handling the appropriation bills for the present fiscal year—and this a cut-to-the-bone economy—the speed with which they were completed and the absence of an admitted evil in past appropriation bills, the inclusion of extraneous legislation, were also marked features.

The first Budget under the Budget law was submitted by President Harding December 5, 1921, for the fiscal year 1922-23. When the fiscal year opened July 1, 1922, every Government activity had been provided for some months in advance, so that department heads and bureau chiefs knew to the penny the limits of their expenditures.

Every appropriation bill, including all of the regular supply measures, three deficiency measures, and the several extra appropriation bills, such as the Russian relief, seed grain for crop-failure areas, the building of veterans' hospitals, and the providing of \$500,000 for war-fraud investigations for the Department of Justice, were finished by June 30 last, despite the crush of most important general legislation, including the long-

time, long-distance, hard-fought tariff bill, the soldiers' compensation bill, and innumerable other measures.

This record contrasts sharply with that during the Wilson administration, when the important Army and Navy appropriation bills failed to get through in time. Once during former President Wilson's last term failure of appropriation bills made it necessary for Mr. Wilson to call an extra session of Congress, although it was known that he was opposed to that course and would not have done so except for such failure.

At that time Congress was compelled to pass, before the beginning of the fiscal year, July 1, continuing resolutions to keep some of the Government departments running.

At the outset of President Harding's administration a special session was called to face the task of passing the Army and Navy appropriation bills which had failed, the Army bill through a pocket veto by President Wilson.

The Army appropriation bill this year was passed by the House in a few days, even though a hard fight was waged over the size of the Army personnel; and when the bill came to the Senate it was put through in the record time of one day. A similar record was achieved by the present House and Senate on the Navy bill this year—a bill which generally has taken several weeks in the Senate being passed in as many days.

Factors in the efficiency and speed in the passage of this year's appropriation bills were the Budget system and the reorganization by the House and Senate of their Appropriations Committees. The Budget Bureau and the committees cooperated in holding expenditures to an absolute minimum of necessity without abridging the Government's legitimate work.

The reduction of departmental estimates by the Budget Bureau was followed in a great number of instances by further reductions by the Senate and House committees—reductions which almost invariably were sustained by the respective Houses.

Although the Appropriations Committees were enlarged, they worked with greater speed and gave promise, after the first shaking down of the new committee system, of even greater speed in handling next year's appropriating measures.

Although the new Senate rule operates to keep out extraneous legislation, several of the 1923 appropriation bills carry constructive legislation, notably laws concerning the District of Columbia tax revision commission, the \$7,500,000 appropriation for Wilson Dam at Muscle Shoals, etc.; but such legislation was so managed that it did not retard the passage of the supply measure. These items were, of course, inserted by unanimous consent.

At this point I want to congratulate most sincerely the Appropriations Committees of the House and Senate on the friendly relations and teamwork which have prevailed during the past year. Especially does the chairman of the Senate Committee on Appropriations desire to thank the members of his committee for their cooperation, and even more especially to thank the additional members selected from other former appropriating committees for the zeal and interest they have manifested in working with the parent committee. The able chairman of the House Committee on Appropriations has been always ready to cooperate, and the vigilant clerks of the Appropriations Committees of both bodies—always ready, night and day—have kept their work current.

In considering these regular annual supply bills the House Committee on Appropriations took more than 13,000 pages of testimony during the session, and the Senate Committee on Appropriations, after taking advantage of its study of this great mass of testimony taken by the House, took over 2,500 additional pages.

In presenting the several tables making comparisons of appropriations and estimates, all appropriations and estimates for each fiscal year have been segregated under their respective departments or establishments. This method insures a fair comparison. The same method has been applied also in handling the permanent and indefinite appropriations. This assembles all like data in one place and is considered an improvement over old methods.

The appropriations as shown in Table I for the fiscal year 1923 are \$319,280,984.10 less than for the fiscal year 1922.

This result, which I am sure will be gratifying to the taxpayers of our country, was achieved by a careful and painstaking effort on the part of all concerned.

The regular annual appropriation bills as passed the Senate show an apparent increase of \$195,049,426.35 over the amount as passed the House. After deducting from this sum \$50,000,000 added to the post office act for construction of rural post roads; \$53,480,120 added to the War Department act, made necessary in the main by increasing the size of the personnel and enlisted strength of the Army; and \$44,080,507.10 added to

the naval act, chiefly on account of increased pay, increase of the Navy, and for aviation purposes, there is left only \$47,488,799.25 added by the Senate to the proposals of the House. Much of this amount added to the bills as passed the Senate was made necessary by estimates for items brought forward at later dates and after the bills had passed the House, and there was little controversy concerning their merits.

As shown in Table IV, Congress has reduced the Budget estimates for 1923 in the sum of \$172,523,046.86, and the amount submitted for 1922 in the sum of \$139,649,245.41. Much of this reduction has been brought about by the fact that the estimates are arranged so far in advance that conditions necessarily change by the time actual consideration is had.

In the necessary transfer and changes to conform to the Budget law the Budget officers acted as the first line of defense and Congress as the second line of defense. And so in this

first year under the new law probably more and deeper cuts in the estimates were made by Congress than should be necessary.

It may be interesting to students of national finance to note that the ordinary receipts of the Government for the past year exceed the ordinary expenses for the same period by \$313,801,651.10.

It is also an interesting fact that the reduction of the public debt during the same period—one year—amounted to \$1,014,068,844.23.

Mr. President, the tables I present speak for themselves, and I commend them to the attention of Congress and the American people.

I ask unanimous consent that the tables may be printed in the Record in 8-point type.

There being no objection, the tables were ordered to be printed in the Record in 8-point type, as follows:

TABLE I.—Comparison of appropriations, fiscal years 1922 and 1923.

[Amounts carried for each of these fiscal years in the regular annual appropriation acts, deficiency appropriation acts, special acts, and amounts estimated under permanent and indefinite appropriations.]

Department or establishment.	Appropriations, fiscal year 1922.	Appropriations, fiscal year 1923.	Decrease (—) or increase (+) 1923 compared with 1922.
Legislative (Congress):			
Regular annual.....	\$18,247,247.06	\$12,788,324.95	<sup>1</sup> —\$5,458,922.11
Permanent and indefinite.....	800.00	800.00	
Total.....	18,248,047.06	12,789,124.95	—5,458,922.11
Executive office and independent offices:			
Regular annual—			
Shipping Board.....	73,959,000.00	<sup>2</sup> 100,459,000.00	+26,500,000.00
Veterans' Bureau <sup>3</sup> .....	408,166,732.00	418,063,843.45	+9,897,111.45
Executive and other independent offices.....	16,721,325.00	<sup>4</sup> 18,115,928.00	+1,394,603.00
Total.....	498,847,057.00	536,638,771.45	+37,791,714.45
Permanent and indefinite.....	5,523,000.00	6,017,000.00	+494,000.00
Total.....	504,370,057.00	542,655,771.45	+38,285,714.45
State Department:			
Regular annual.....	<sup>5</sup> 16,741,346.09	10,443,488.16	—6,297,857.93
Permanent and indefinite.....	106,000.00	106,000.00	
Total.....	16,847,346.09	10,549,488.16	—6,297,857.93
Treasury Department:			
Regular annual.....	145,352,179.65	<sup>6</sup> 118,835,308.81	—26,516,870.84
Permanent and indefinite.....	1,394,609,200.00	1,375,396,910.63	—19,212,289.37
Total.....	1,539,961,379.65	1,494,232,219.44	—45,729,160.21
War Department:			
Military activities—			
Regular annual.....	350,707,538.35	256,411,169.67	—94,296,368.68
Permanent and indefinite.....	2,172,300.00	1,265,000.00	—907,300.00
Total military activities.....	352,879,838.35	257,676,169.67	—95,203,668.68
Nonmilitary activities—			
Regular annual.....	42,638,010.66	<sup>6</sup> 68,753,323.00	+26,115,312.34
Permanent and indefinite.....	8,324,600.00	6,521,300.00	—1,803,300.00
Total nonmilitary activities.....	50,962,610.66	75,274,623.00	+24,312,012.34
Total, War Department—			
Regular annual.....	393,345,549.01	325,164,492.67	—68,181,056.34
Permanent and indefinite.....	10,496,900.00	7,786,300.00	—2,710,600.00
Total.....	403,842,449.01	332,950,792.67	—70,891,656.34
Navy Department:			
Regular annual.....	413,180,960.87	294,336,577.00	—118,844,383.87
Permanent and indefinite.....	13,197,696.00	3,433,672.00	—9,764,024.00
Total.....	426,378,656.87	297,770,249.00	—128,608,407.87

[For footnotes see next page.]



TABLE I.—Comparison of appropriations, fiscal years 1922 and 1923—Continued.

Department or establishment.	Appropriations, fiscal year 1922.	Appropriations, fiscal year 1923.	Decrease (—) or in- crease (+) 1923 compared with 1922.
Interior Department:			
Regular annual—			
Pensions.....	\$265,000,000.00	\$252,000,000.00	—\$13,000,000.00
Interior Department proper.....	49,559,305.13	45,565,108.67	—3,994,196.46
Total.....	314,559,305.13	297,565,108.67	—16,994,196.46
Permanent and indefinite.....	30,573,500.00	27,562,900.00	—3,010,600.00
Total.....	345,132,805.13	325,128,008.67	—20,004,796.46
Post Office Department (payable from postal revenues), regular annual (only)...	579,976,851.00	565,064,786.50	—14,912,064.50
Agricultural Department:			
Regular annual.....	<sup>7</sup> 39,527,434.00	36,929,173.00	—2,598,261.00
Roads, construction of.....	<sup>8</sup> 80,000,000.00	<sup>8</sup> 10,000,000.00	—70,000,000.00
Permanent and indefinite.....	11,750,000.00	12,250,000.00	+500,000.00
Total.....	131,277,434.00	59,179,173.00	—72,098,261.00
Department of Commerce:			
Regular annual.....	17,394,859.00	18,743,245.00	+1,348,386.00
Permanent and indefinite.....	3,000.00	3,000.00	.....
Total.....	17,397,859.00	18,746,245.00	+1,348,386.00
Department of Labor, regular annual (only).....	5,798,196.50	<sup>9</sup> 6,916,920.00	+1,118,723.50
Department of Justice, and the judiciary:			
Regular annual.....	16,938,667.67	17,851,221.00	+912,553.33
Permanent and indefinite.....	<sup>10</sup> 175,500.00	.....	—175,500.00
Total.....	17,114,167.67	17,851,221.00	+737,053.33
District of Columbia:			
Regular annual.....	23,463,675.72	22,841,609.80	—622,065.92
Permanent and indefinite.....	1,380,600.00	1,624,600.00	+244,000.00
Total.....	24,844,275.72	24,466,209.80	—378,065.92
Increased compensation (\$240 per annum).....	35,000,000.00	38,735,173.00	<sup>11</sup> +3,735,173.00
Miscellaneous (unclassified).....	126,842.04	.....	—126,842.04
Grand total:			
Regular annual.....	2,563,373,328.70	2,274,119,027.01	—289,254,301.69
Permanent and indefinite.....	1,467,816,196.00	1,434,181,182.63	—33,635,013.37
Increased compensation.....	35,000,000.00	38,735,173.00	+3,735,173.00
Miscellaneous (unclassified).....	126,842.04	.....	—126,842.04
Grand total.....	<b>4,066,316,366.74</b>	<b>3,747,035,382.64</b>	<b>—319,280,984.10</b>
Less Post Office (payable from postal revenues).....	579,976,851.00	565,064,786.50	—14,912,064.50
Total, exclusive of Post Office.....	3,486,339,515.74	3,181,970,596.14	—304,368,919.60

<sup>1</sup> This decrease is due largely to the transfer of appropriations for printing and binding to the various departmental bills for 1923. Departmental appropriations for printing and binding for the fiscal year 1922 are carried under "Legislative."

<sup>2</sup> \$50,000,000 of this sum is for the payment of construction and other claims.

<sup>3</sup> The appropriations for the Veterans' Bureau include for hospital construction \$18,600,000 for 1922 and \$12,000,000 for 1923.

<sup>4</sup> This sum includes \$1,500,000 for the purchase of land in the District of Columbia on which is situated temporary Government office buildings.

<sup>5</sup> This sum includes \$5,000,000 for treaty payment to Colombia and \$1,000,000 for Government building and exhibits at the exposition at Rio de Janeiro.

<sup>6</sup> This sum includes an increase of \$27,815,661 for rivers and harbors over amount appropriated for 1922 and \$7,500,000 for Muscle Shoals development for which no appropriation was made for 1922.

<sup>7</sup> This sum includes \$2,000,000 and \$1,500,000, respectively, for seed-grain loans to farmers of the drought-stricken areas of the Northwest for the crops of 1921 and 1922.

<sup>8</sup> These amounts were appropriated in the Federal highway act of Nov. 9, 1921. For 1923 the Secretary of Agriculture is authorized to apportion the sum of \$50,000,000 among the several States and to approve projects under such apportionments. The Post Office appropriation act which authorized the foregoing \$50,000,000 also authorized the sum of \$71,500,000 for the fiscal year 1924 and \$81,500,000 for the fiscal year 1925.

<sup>9</sup> This sum includes \$1,240,000 to carry out the provisions of the act relating to the welfare and hygiene of maternity and infancy.

<sup>10</sup> Appropriations for this purpose are changed from a permanent basis for 1922 to an annual basis for 1923 and are included in the regular annual act.

<sup>11</sup> The appropriation for 1922 for additional compensation was an indefinite amount and was estimated in the Budget at \$35,000,000. Recent figures of expenditures show the actual cost for 1922 will be approximately \$41,800,000. The specific appropriation of \$38,735,173 for 1923 is therefore \$3,064,827 under the estimated expenditures for 1922.

TABLE II.—Comparison of estimates and appropriations, fiscal year 1923.

[Amounts carried for fiscal year 1923 in regular annual appropriation acts, deficiency appropriation acts, special acts, and amounts estimated under permanent and indefinite appropriations.]

Department or establishment.	Budget estimates submitted Dec. 5, 1921.	Supplemental Budget estimates submitted Dec. 5, 1921, to June 30, 1922.	Total Budget estimates, fiscal year 1923.	Appropriations, 1923, regular annual and permanent and indefinite.	Increase (+) or decrease (−) appropriations compared with estimates.
<b>Legislative (Congress):</b>					
Regular annual.....	\$17,232,655.95	\$5,000.00	<sup>1</sup> \$17,237,655.95	\$12,788,324.95	<sup>1</sup> −\$4,449,331.00
Permanent and indefinite.....	800.00		800.00	800.00	
Total.....	17,233,455.95	5,000.00	17,238,455.95	12,789,124.95	−4,449,331.00
<b>Executive office and independent offices:</b>					
Regular annual—					
Shipping Board.....	50,501,500.00	50,000,000.00	100,501,500.00	100,459,000.00	−42,500.00
Veterans' Bureau.....	385,921,702.00	37,117,142.95	423,038,844.95	418,063,843.45	−4,975,001.50
Executive and other independent offices.....	17,077,481.00	663,670.00	17,741,151.00	<sup>2</sup> 18,115,928.00	+374,777.00
Total.....	453,500,683.00	87,780,812.95	541,281,495.95	536,638,771.45	−4,642,724.50
Permanent and indefinite.....	6,017,000.00		6,017,000.00	6,017,000.00	
Total.....	459,517,683.00	87,780,812.95	547,298,495.95	542,655,771.45	−4,642,724.50
<b>State Department:</b>					
Regular annual.....	10,474,901.16	321,072.00	10,795,973.16	10,443,488.16	−352,485.00
Permanent and indefinite.....	106,000.00		106,000.00	106,000.00	
Total.....	10,580,901.16	321,072.00	10,901,973.16	10,549,488.16	−352,485.00
<b>Treasury Department:</b>					
Regular annual.....	130,607,787.19	1,298,570.00	131,906,357.19	118,835,308.81	−13,071,048.38
Permanent and indefinite.....	1,375,396,910.63		1,375,396,910.63	1,375,396,910.63	
Total.....	1,506,004,697.82	1,298,570.00	1,507,303,267.82	1,494,232,219.44	−13,071,048.38
<b>War Department:</b>					
<b>Military activities—</b>					
Regular annual.....	309,373,709.47	1,402,909.22	310,776,618.69	256,411,169.67	−54,365,449.02
Permanent and indefinite.....	1,265,000.00		1,265,000.00	1,265,000.00	
Total, military activities....	310,638,709.47	1,402,909.22	312,041,618.69	257,676,169.67	−54,365,449.02
<b>Nonmilitary activities—</b>					
Regular annual.....	46,512,408.00	1,816,000.00	48,328,408.00	68,753,323.00	<sup>3</sup> +20,424,915.00
Permanent and indefinite.....	6,521,300.00		6,521,300.00	6,521,300.00	
Total, nonmilitary activities....	53,033,708.00	1,816,000.00	54,849,708.00	75,274,623.00	+20,424,915.00
Total, War Department—					
Regular annual.....	355,886,117.47	3,218,909.22	359,105,026.69	325,164,492.67	−33,940,534.02
Permanent and indefinite.....	7,786,300.00		7,786,300.00	7,786,300.00	
Total.....	363,672,417.47	3,218,909.22	366,891,326.69	332,950,792.67	−33,940,534.02
<b>Navy Department:</b>					
Regular annual.....	<sup>4</sup> 422,518,695.13	7,862,700.00	430,381,395.13	294,336,577.00	−136,044,818.13
Permanent and indefinite.....	3,433,672.00		3,433,672.00	3,433,672.00	
Total.....	425,952,367.13	7,862,700.00	433,815,067.13	297,770,249.00	−136,044,818.13
<b>Interior Department:</b>					
Regular annual—					
Pensions.....	252,000,000.00		252,000,000.00	252,000,000.00	
Interior Department proper....	46,218,432.00	668,049.30	46,886,481.30	45,565,108.67	−1,321,372.63
Permanent and indefinite.....	27,562,900.00		27,562,900.00	27,562,900.00	
Total.....	325,781,332.00	668,049.30	326,449,381.30	325,128,008.67	−1,321,372.63
<b>Post Office Department (payable from postal revenues), regular annual (only).....</b>	579,650,066.00	4,274,347.00	583,924,413.00	565,064,786.50	−18,859,626.50

[For footnotes see next page.]



TABLE II.—Comparison of estimates and appropriations, fiscal year 1923—Continued.

Department or establishment.	Budget estimates submitted Dec. 5, 1921.	Supplemental Budget estimates submitted Dec. 5, 1921, to June 30, 1922.	Total Budget estimates, fiscal year 1923.	Appropriations, 1923, regular annual and permanent and indefinite.	Increase (+) or decrease (−) appropriations compared with estimates.
Agricultural Department:					
Regular annual.....	\$34,610,668.00	\$1,153,200.00	\$35,763,868.00	\$36,929,173.00	<sup>5</sup> +\$1,165,305.00
Roads, construction of.....				10,000,000.00	<sup>6</sup> +10,000,000.00
Permanent and indefinite.....	12,250,000.00		12,250,000.00	12,250,000.00	
Total.....	46,860,668.00	1,153,200.00	48,013,868.00	59,179,173.00	+11,165,305.00
Department of Commerce.					
Regular annual.....	20,672,326.25	673,169.50	21,345,495.75	18,743,245.00	−2,602,250.75
Permanent and indefinite.....	3,000.00		3,000.00	3,000.00	
Total.....	20,675,326.25	673,169.50	21,348,495.75	18,746,245.00	−2,602,250.75
Department of Labor, regular annual (only).....	6,564,632.00	1,240,000.00	7,804,632.00	6,916,920.00	−887,712.00
Department of Justice and judiciary, regular annual (only).....	18,219,146.00	539,000.00	18,758,146.00	17,851,221.00	−906,925.00
District of Columbia:					
Regular annual.....	26,886,866.75	1,299,440.00	28,186,306.75	22,841,609.80	−5,344,696.95
Permanent and indefinite.....	1,624,600.00		1,624,600.00	1,624,600.00	
Total.....	28,511,466.75	1,299,440.00	29,810,906.75	24,466,209.80	−5,344,696.95
Increased compensation (\$240 per annum).....				38,735,173.00	<sup>7</sup> +38,735,173.00
Grand total:					
Regular annual.....	2,375,042,976.90	110,334,269.97	2,485,377,246.87	2,274,119,027.01	−211,258,219.86
Permanent and indefinite.....	1,434,181,182.63		1,434,181,182.63	1,434,181,182.63	
Increased compensation.....				38,735,173.00	+38,735,173.00
<b>Grand total.....</b>	<b>3,809,224,159.53</b>	<b>110,334,269.97</b>	<b>3,919,558,429.50</b>	<b>3,747,035,382.64</b>	<b>−172,523,046.86</b>
Less Post Office (payable from postal revenues).....	579,650,066.00	4,274,347.00	583,924,413.00	655,064,786.50	−18,859,626.50
Total, exclusive of Post Office.....	3,229,574,093.53	106,059,922.97	3,335,634,016.50	3,181,970,596.14	−153,663,420.36

<sup>1</sup> Estimates for the legislative include printing and binding allotments for the various departments as submitted under the Government Printing Office. In preparing appropriation bills these sums were distributed to the various departmental bills. This reduction, therefore, is due in the main to this transfer.

<sup>2</sup> This sum includes \$1,500,000 for the purchase of land for temporary office buildings and was not estimated in the Budget.

<sup>3</sup> This net increase is due to the appropriation of \$15,180,401 for rivers and harbors in excess of the estimates submitted by the Budget, and the appropriation of \$7,500,000 for Muscle Shoals development not included in the Budget.

<sup>4</sup> The Navy estimates were prepared and submitted to Congress prior to the conclusion of the Conference on Limitation of Armament.

<sup>5</sup> This net increase is due to the appropriation of \$360,000 for congressional seed distribution and \$100,000 for eradication of citrus canker not included in the Budget. The sum of \$800,000 for printing and binding was estimated under legislative (see note 1).

<sup>6</sup> This sum was appropriated for forest roads and trails in the Federal highway act of November 9, 1921, and was not estimated in the Budget.

<sup>7</sup> This sum was not estimated in the Budget.

TABLE III.—Comparison of Budget estimates and appropriations, supplemental and deficiency, fiscal year 1922 and prior fiscal years.

(Amounts considered and appropriated in deficiency appropriation acts approved August 24, 1921, December 15, 1921, March 20, 1922, and July 1, 1922.)

Supplemental and deficiency Budget estimates submitted to Congress from July 20, 1921, to June 30, 1922, for the fiscal year 1922 and prior fiscal years.....	\$472,410,129.96
Supplemental and deficiency appropriations for the fiscal year 1922 and prior fiscal years carried in the deficiency acts enumerated above.....	332,760,884.55
Reduction in estimates for the fiscal year 1922 and prior fiscal years.....	139,649,245.41

TABLE IV.—Recapitulation of comparisons of Budget estimates and appropriations.

Net reduction in Budget estimates for the fiscal year 1923 as per Table II.....	\$172,523,046.86
Reduction in Budget estimates for the fiscal year 1922 and prior fiscal years as per Table III.....	139,649,245.41
Total net reduction.....	312,172,292.27

Mr. OVERMAN. Mr. President, I am preparing from the official record a statement which will tell a very different story from the story which has been told here to-day by the chairman of the Committee on Appropriations, the Senator from Wyoming [Mr. WARREN]. The Senator from Wyoming has made a comparison between the expenditures of the Government for 1922 and 1923 which shows some reductions, but I am having a statement prepared showing the expenditures for 1915, three years before the World War, as compared with the expenditures of this year, three years after the war, which will demonstrate that the present administration is costing millions of dollars more than did the administration of 1915.

Mr. WARREN. I desire to say a few words in reply to my colleague on the Committee on Appropriations, the Senator from North Carolina [Mr. OVERMAN]. The able Senator from North Carolina has referred to the expenditures for 1915. I have here, and I send to the desk, a table showing the grand total of the expenditures for the past six years, which I ask may be printed in 8-point type as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The table referred to is as follows:

Grand total of appropriations, fiscal year 1918	\$18,901,966,814.09
Grand total of appropriations, fiscal year 1919	27,072,094,720.07
Grand total of appropriations, fiscal year 1920	7,337,597,282.05
Grand total of appropriations, fiscal year 1921	4,780,829,510.03
Grand total of appropriations, fiscal year 1922	4,066,316,366.74
Grand total of appropriations, fiscal year 1923	3,747,035,382.64

Mr. ROBINSON. Mr. President, I note that, according to Table III, which the Senator from Wyoming [Mr. WARREN] has just presented, and for the study of which, therefore, very little opportunity has been afforded, supplemental estimates were submitted by the Budget Bureau for the fiscal year 1922 and for prior years, amounting to approximately \$472,500,000. I am curious to know if the Senator from Wyoming can state how it happened that such large deficiency estimates arose and how there was such a wide divergence between the original estimates and the supplemental or emergency estimates.

Mr. WARREN. There are two reasons for that—one, the Shipping Board and other hang-over items of the war, involving property of the United States at home and in foreign countries; and two, what was more troublesome for the time being, the change in the source of the estimates from the heads of the departments to the Budget Bureau. The estimates coming through the Budget Bureau from the heads of the departments, the Budget Bureau would hesitate in making estimates on which Congress should base its appropriations until they had taken more time. Consequently, that action enlarged the amount of the supplemental estimates that were submitted.

Mr. ROBINSON. Whatever the cause, it is perfectly apparent that there was a very wide divergence between the original estimates and the supplementary estimates to take care of deficiencies.

I note by the same table that Congress in the consideration of those deficiency estimates appropriated very much less, almost \$140,000,000 less, than the amount estimated for. That would seem to discredit very emphatically the value of the Budget estimates. If Congress, upon an examination of its work when it submitted supplementary estimates, found it necessary to reduce them by one-third, or in the total amount of \$139,649,245.41, it would on its face indicate that the work of the Budget Bureau was not very accurate in the opinion of Congress.

Mr. WARREN. The amount of which the Senator spoke, \$472,500,000, was estimated for before the Budget system was organized under the law.

Mr. ROBINSON. That was prior to the work of the Budget Bureau?

Mr. WARREN. It was prior to that. The next, Table IV—

Mr. ROBINSON. I have not yet come to that.

Mr. WARREN. The Senator will notice that the amounts are smaller according to that table.

Mr. ROBINSON. I note that there was a divergence between the estimates and the actual appropriations of \$172,533,046.86 for the fiscal year of 1923, which would apply to the work of the Budget Bureau. How does the Senator account for such a wide divergence between the estimates and the amount appropriated?

Mr. WARREN. As I stated before, there are two causes; the hangover from the war, and there always have been and always will be, so long as the Senator and I are here, deficiencies because of laws passed during the year after the regular estimates that call for unexpected funds, emergencies, and so forth.

Mr. ROBINSON. May it not also be true that the Congress in making the appropriations actually appropriates a less amount than the necessities already disclosed require, and therefore knowingly creates deficits? Is there anything in that suggestion, in the opinion of the Senator?

Mr. WARREN. That is true in one sense, but I hardly want to charge my colleagues in the House and Senate with that.

Mr. ROBINSON. I am not making any charge; I am simply stating the practice which the Senator and I, after 20 years or more experience in Congress, know has frequently, if it has not generally, prevailed; that Congress oftentimes in making appropriations has reduced amounts below the sum estimated for, with the knowledge of the fact, or with a reasonable ground to expect, that deficiency appropriations would subsequently be required.

Mr. WARREN. But with the expectation of asking the different institutions, departments, and so forth, to live under those appropriations if it is possible. If they have not done that, of course—

Mr. ROBINSON. My suggestion goes further than that; and I think the Senator from Massachusetts will agree with me that the custom has existed for a very long time—and it does not seem to have been dispensed with yet, according to these figures—of taking estimates and paring them beyond all reason, so that deficiency appropriations become not only probable but imperative, and deficiency appropriations in large amounts. The point I make is, from the figures presented in the Senator's statement, that the appropriations as disclosed and as indicating a material reduction in the expenditures below the amount expended last year may not be accurate, because additional deficiencies undoubtedly will be required to be appropriated, and they may amount to very large sums. I do not think the Senator would be prepared to say that the deficiencies can be anticipated.

Mr. WARREN. That is true; but do not overlook the fact that included as deficiencies are the supplemental appropriations, things that come up that were not thought of, things that were not previously legislated for. For instance, what are you going to do with this maternity business that comes up, when a bill passes which requires the appropriation of millions, as well as all other unexpected calls that arise?

Mr. ROBINSON. And then, too, emergencies arise.

Mr. WARREN. Certainly.

Mr. ROBINSON. For instance, we appropriate considerable sums for various purposes, but the relation of those sums growing out of supplemental and emergency appropriations to the total amount is comparatively small. The point I am making is that we legislate constantly, knowing that we are creating deficiencies and that these figures, while they have undoubtedly some value, can not be relied upon as disclosing the amount of money actually expended or liabilities actually incurred by the Government during this fiscal year, or anything approximating it.

Mr. WARREN. Let me say to my distinguished friend that when he has examined thoroughly, as I know he will, these several tables and statements, he will find that an entirely new form of separating the figures will disclose these items more plainly, and furthermore will show that we are on the road to closing that matter down to a very small minimum.

Mr. ROBINSON. If the Senator has found from his experience that that is true, I am greatly gratified at the information, because I am convinced that there is much ground for it.

Mr. WARREN. We are moving in that direction.

#### RAVAGES OF THE BOLL WEEVIL.

Mr. SMITH. Mr. President, I submit a resolution and ask unanimous consent for its immediate consideration. I have conferred with Senators on the other side in regard to it, and I do not think there is any objection to its consideration and passage.

In this connection, I should like to have printed in the Record a cablegram that was sent to one of the Washington papers to-day on identically the same subject, calling attention to the fearful prospect as to a famine in the cotton production of the world.

The VICE PRESIDENT. Without objection, the cablegram will be printed in the Record.



The matter referred to is as follows:

BRITISH COTTON EXPERTS SKEPTICAL OVER REPORTS—SAID TO BE FRIGHTENED OVER CROP DANGER FROM RAVAGES OF BOLL WEEVIL.

(By Hiram K. Moderwell.)

[By cable to the Star and Chicago Daily News. Copyright, 1922.]

LONDON, July 12.—British business men are thoroughly frightened over the danger that the American cotton crop will be below world needs because of the ravages of the boll weevil, which is reported here to have ruined one-third of last year's crop. Experts here are frankly skeptical as to the latest rather optimistic report by the American Government Bureau of Crop Statistics, which estimates 11,000,000 bales as the crop this year, as against 8,000,000 last year.

It is asserted by experts here that this hope is entirely unjustified. So unreliable have been the American cotton statistics in the past that many interested persons here believe them to have been faked to influence the markets. John Todd, an eminent statistician, denies this, but criticizes American statistical methods.

British textile manufacturing, which is one of Great Britain's three great export industries, depends largely upon the American crop. A 9,000,000-bale crop, which the British fear will be the maximum this year, would be disastrous to the British trade. It is feared that the American cotton growers refuse to take the risk of planting cotton because of the ravages of the boll weevil and are adopting other crops.

For the hundreds of thousands of persons employed in the textile trade the most important spot in the universe is a certain laboratory in Washington where chemists are searching for adequate poison against the boll weevil, but as yet unsuccessfully. A terrible and long-expected report has been received here—that the weevil has appeared in northern Egypt, despite extraordinary measures to debar him. This tiny worm, which is a native of Brazil and was discovered 15 years ago, is now sweeping over the world destroying like Attila. A movement is on here to subsidize the cotton planters in uninfected British colonies.

Mr. SMITH. I send the resolution to the desk and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The resolution (S. Res. 320) was read, as follows:

Whereas the boll weevil has covered practically the entire cotton belt; and

Whereas its ravages have a decided effect in the ultimate production of the cotton crop: Therefore be it

Resolved, That the Secretary of Agriculture is authorized and directed, through the Crop Reporting Bureau, to ascertain from State agricultural commissioners and county agents, together with the forces now employed by the bureau, the total area now infested by the weevil, and the estimated damage to the crop caused by the weevil, such area and estimated damage to be given by States, as is now done in giving the condition of the growing crop, and to publish the same in the next monthly (August) report.

Mr. JONES of Washington. Mr. President, has not the Secretary of Agriculture authority now to obtain the information?

Mr. SMITH. No; he has no authority under the law to make a separate report. It will cost nothing more, and under this authority he can make it. He has no authority under the law except just to give the aggregate condition.

Mr. ROBINSON. Mr. President, I express the hope that the resolution may pass. It undoubtedly will present some difficulties so far as procuring complete and accurate information is concerned; but the information called for is very important, and I hope the resolution may pass.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

The resolution was considered by unanimous consent and agreed to.

#### LYNCHING IN WAYNE COUNTY, GA.

Mr. CALDER. Mr. President, I ask unanimous consent to have printed in the Record a short article from the New York Times concerning the lynching of two negro boys in Georgia.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

[From the New York Times of Monday, July 10, 1922.]

SAYS THEY AIDED LYNCHERS—GEORGIA MINISTER ACCUSES OFFICIALS IN CHARGE OF TWO PRISONERS.

(Special to the New York Times.)

ATLANTA, GA., July 9.—That the lynching of two negroes in Wayne County, after they had been relieved for 30 days by Governor Hardwick, will not go unpunished seems assured by recent developments at the executive offices. Governor Hardwick has offered the highest reward in his power for the arrest of the lynchers, has denounced the crime, and has announced that mob rule will not be allowed in this State so long as he is governor.

The Rev. P. T. Holloway has practically charged in a sermon that officials of the county connived at the lynching, and had practically invited it. "The morning after the unlawful executions," he said, "I heard two men talking about a lynching, and one of them was an officer who took charge of the victims: purposely to take them to Savannah. The general public wants to know why they should have been taken away from Jesup, and especially why they should have been taken away in a Ford car when there were fast passenger trains going straight through to Savannah making no stop. We demand to know how a mob of men 70 miles away could find out when these prisoners were taken from the county jail, and where they got their information of the route taken. The general public would like to know why the officers who had these prisoners in charge stopped at Lanes Bridge 30 minutes and told the guard that if anybody came along to tell them they were going to Savannah and would probably have car trouble."

"The public wants to know why two men, whose names I could call, went to a citizen's house on Thursday and said: 'Let's get these two negroes and lynch them.' The sheriff said it would be all right; that he would offer no resistance."

#### EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

#### NATIONAL HOME FOR JEWISH PEOPLE.

Mr. LODGE. I report back favorably from the Committee on Foreign Relations, with an amendment striking out the preamble, the joint resolution (H. J. Res. 322) favoring the establishment in Palestine of a national home for the Jewish people. This joint resolution is identical with the one which I introduced and which was reported from the Committee on Foreign Relations, passed by the Senate, and sent to the House. I ask unanimous consent for the present consideration of the joint resolution.

There being no objection, the joint resolution was considered as in Committee of the Whole, and it was read, as follows:

Resolved, etc., That the United States of America favors the establishment in Palestine of a national home for the Jewish people, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of Christian and all other non-Jewish communities in Palestine, and that the holy places and religious buildings and sites in Palestine shall be adequately protected.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

The VICE PRESIDENT. The committee reports to strike out the preamble. Without objection, the preamble will be stricken out.

#### RECESS.

Mr. LODGE. I move that the Senate take a recess, the recess being, under the unanimous-consent agreement, until to-morrow at 11 o'clock a. m.

The motion was agreed to; and (at 5 o'clock and 40 minutes P. M.) the Senate, under the order previously made, took a recess until to-morrow, Thursday, July 13, 1922, at 11 o'clock a. m.

#### CONFIRMATIONS.

Executive nominations confirmed by the Senate July 12 (legislative day of April 20), 1922.

ASSISTANT DIRECTOR OF FOREIGN AND DOMESTIC COMMERCE.

Thomas R. Taylor to be assistant director, Bureau of Foreign and Domestic Commerce.

COLLECTOR OF CUSTOMS.

Fred A. Bradley to be collector of customs at Buffalo, N. Y.

POSTMASTERS.

CALIFORNIA.

Dwight R. Jackson, Glendale.

Etta L. Miller, Stratford.

SOUTH CAROLINA.

Joseph G. Holland, Edgefield.

#### SENATE.

THURSDAY, July 13, 1922.

(Legislative day of Thursday, April 20, 1922.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE PETROLEUM INDUSTRY IN WYOMING AND MONTANA (S. DOG. NO. 233).

The VICE PRESIDENT laid before the Senate a communication from the chairman of the Federal Trade Commission, transmitting, pursuant to law, a report of the commission on conditions in the petroleum trade in Wyoming and Montana, which was referred to the Committee on the Judiciary, ordered to be printed, and to be printed in the Record, as follows:

FEDERAL TRADE COMMISSION,  
Washington, July 13, 1922.

To the PRESIDENT OF THE SENATE AND THE  
SPEAKER OF THE HOUSE OF REPRESENTATIVES.

Sirs: I have the honor to transmit herewith a report of the Federal Trade Commission on conditions in the petroleum trade in Wyoming and Montana.

This report is submitted to Congress pursuant to the provisions of section 6, paragraph (f), of the Federal Trade Commission act approved September 26, 1914.

Yours very truly,

NELSON B. GASKILL,  
Chairman.